

House File 868 - Reprinted

HOUSE FILE _____
BY COMMITTEE ON WAYS AND
MEANS

(SUCCESSOR TO HF 850)
(SUCCESSOR TO HF 794)
(SUCCESSOR TO HSB 137)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to economic development, business, workforce, and
2 regulatory assistance and tax credits, and to state
3 developmental, research, and regulatory oversight, and
4 including effective date and retroactive applicability
5 provisions.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
7 TLSB 1809HW 81
8 tm/cf/24

PAG LIN

1 1 DIVISION I
1 2 GROW IOWA VALUES FUND
1 3 Section 1. NEW SECTION. 15G.108 GROW IOWA VALUES FUND.
1 4 A grow Iowa values fund is created in the state treasury
1 5 under the control of the department of economic development
1 6 consisting of moneys appropriated to the department. Moneys
1 7 in the fund are not subject to section 8.33. Notwithstanding
1 8 section 12C.7, interest or earnings on moneys in the fund
1 9 shall be credited to the fund. The fund shall be administered
1 10 by the department, which shall make expenditures from the fund
1 11 consistent with this chapter and pertinent Acts of the general
1 12 assembly. Any financial assistance provided using moneys from
1 13 the fund may be provided over a period of time of more than
1 14 one year. Payments of interest, repayments of moneys loaned
1 15 pursuant to this chapter, and recaptures of grants or loans
1 16 shall be deposited in the fund.
1 17 Sec. 2. NEW SECTION. 15G.112 FINANCIAL ASSISTANCE.
1 18 1. In order to receive financial assistance from the
1 19 department from moneys appropriated from the grow Iowa values
1 20 fund, the average annual wage, including benefits, of new jobs
1 21 created must be equal to or greater than one hundred thirty
1 22 percent of the average county wage. For purposes of this
1 23 section, "average county wage" and "benefits" mean the same as
1 24 defined in section 15H.1.
1 25 2. An applicant may apply to the Iowa economic development
1 26 board for a waiver of the wage requirements in subsection 1.
1 27 3. In awarding moneys appropriated from the grow Iowa
1 28 values fund, the department shall give special consideration
1 29 to projects that include significant physical infrastructure
1 30 components designed to increase property tax revenues to local
1 31 governments.

1 32 DIVISION II
1 33 IOWA ECONOMIC DEVELOPMENT BOARD
1 34 Sec. 3. Section 15.103, Code 2005, is amended to read as
1 35 follows:
2 1 15.103 ECONOMIC DEVELOPMENT BOARD.
2 2 1. a. The Iowa economic development board is created,
2 3 consisting of eleven voting members appointed by the governor
2 4 and seven ex officio nonvoting members. The ex officio
2 5 nonvoting members are four legislative members; one president,
2 6 or the president's designee, of the university of northern
2 7 Iowa, the university of Iowa, or Iowa state university of
2 8 science and technology designated by the state board of
2 9 regents on a rotating basis; and one president, or the
2 10 president's designee, of a private college or university
2 11 appointed by the Iowa association of independent colleges and
2 12 universities; and one superintendent, or the superintendent's

2 13 designee, of a community college, appointed by the Iowa
2 14 association of community college presidents. The legislative
2 15 members are two state senators, one appointed by the president
2 16 of the senate, after consultation with the majority leader of
2 17 the senate, and one appointed by the minority leader of the
2 18 senate, after consultation with the president of the senate,
2 19 from their respective parties; and two state representatives,
2 20 one appointed by the speaker and one appointed by the minority
2 21 leader of the house of representatives from their respective
2 22 parties. Not more than six of the voting members shall be
2 23 from the same political party. ~~The secretary of agriculture~~
~~2 24 or the secretary's designee shall be one of the voting~~
~~2 25 members.~~ The governor shall appoint the ~~remaining ten~~ voting
2 26 members of the board for a term of four years beginning and
2 27 ending as provided by section 69.19, subject to confirmation
2 28 by the senate, and the governor's appointments shall include
2 29 persons knowledgeable of the various elements of the
2 30 department's responsibilities.

2 31 b. Each of the following areas of expertise shall be
2 32 represented by at least one member of the board who has
2 33 professional experience in that area of expertise:

2 34 (1) Finance, insurance, or investment banking.

2 35 (2) Advanced manufacturing.

3 1 (3) Statewide agriculture.

3 2 (4) Life sciences.

3 3 (5) Small business development.

3 4 (6) Information technology.

3 5 (7) Economics.

3 6 (8) Labor.

3 7 (9) Marketing.

3 8 (10) Entrepreneurship.

3 9 c. At least nine members of the board shall be actively
3 10 employed in the private, for-profit sector of the economy.

3 11 2. A vacancy on the board shall be filled in the same
3 12 manner as regular appointments are made for the unexpired
3 13 portion of the regular term.

3 14 3. The board shall meet in May of each year for the
3 15 purpose of electing one of its voting members as chairperson
3 16 and one of its voting members as vice chairperson. However,
3 17 the chairperson and the vice chairperson shall not be from the
3 18 same political party. The board shall meet at the call of the
3 19 chairperson or when any six members of the board file a
3 20 written request with the chairperson for a meeting. Written
3 21 notice of the time and place of each meeting shall be given to
3 22 each member of the board. A majority of the voting members
3 23 constitutes a quorum.

3 24 4. Members of the board, the director, and other employees
3 25 of the department shall be allowed their actual and necessary
3 26 expenses incurred in the performance of their duties. All
3 27 expenses shall be paid from appropriations for those purposes
3 28 and the department is subject to the budget requirements of
3 29 chapter 8. Each member of the board may also be eligible to
3 30 receive compensation as provided in section 7E.6.

3 31 5. If a member of the board has an interest, either direct
3 32 or indirect, in a contract to which the department is or is to
3 33 be a party, the interest shall be disclosed to the board in
3 34 writing and shall be set forth in the minutes of a meeting of
3 35 the board. The member having the interest shall not

4 1 participate in action by the board with respect to the
4 2 contract. This paragraph does not limit the right of a member
~~4 3 of the board to acquire an interest in bonds, or limit the~~
~~4 4 right of a member to have an interest in a bank or other~~
~~4 5 financial institution in which the funds of the department are~~
~~4 6 deposited or which is acting as trustee or paying agent under~~
~~4 7 a trust indenture to which the department is a party.~~

4 8 6. As part of the organizational structure of the
4 9 department, the board shall establish a due diligence
4 10 committee and a loan and credit guarantee committee composed
4 11 of members of the board. The committees shall serve in an
4 12 advisory capacity to the board and shall carry out any duties
4 13 assigned by the board in relation to programs administered by
4 14 the department.

4 15 7. For the transitional period beginning July 1, 2005, and
4 16 ending June 30, 2006, the composition of the voting members of
4 17 the board shall be determined by the governor and shall be
4 18 composed of members of the Iowa economic development board in
4 19 existence on June 30, 2005, and members of the grow Iowa
4 20 values board as it existed on June 15, 2004. During the
4 21 transitional period stated in this subsection, the
4 22 requirements of subsection 1, paragraphs "a" and "b", shall
4 23 not apply. This subsection is repealed June 30, 2006.

4 24 Sec. 4. Section 15.104, Code 2005, is amended by adding
4 25 the following new subsections:
4 26 NEW SUBSECTION. 9. By January 15 of each year, submit a
4 27 report to the general assembly and the governor that
4 28 delineates expenditures made under each component of the grow
4 29 Iowa values fund. In addition, the department shall provide
4 30 in the report the following information regarding each
4 31 business finance project and in the aggregate for projects
4 32 funded during the previous fiscal year:

4 33 a. The number of jobs created as of the time of reporting.
4 34 b. The average wage of the jobs created as of the time of
4 35 reporting.

5 1 c. The amount of capital investment invested as of the
5 2 time of reporting.

5 3 d. The location.

5 4 e. The amount, if any, of private and local government
5 5 moneys expended as of the time of reporting.

5 6 f. The amount of moneys expended on research and
5 7 development activities that were not included in the jobs
5 8 created and wages paid criteria.

5 9 NEW SUBSECTION. 10. By January 15 of each year, submit a
5 10 report to the general assembly and the governor identifying
5 11 the number of minority-owned businesses that received
5 12 financial assistance from moneys appropriated from the grow
5 13 Iowa values fund during the previous calendar year. The
5 14 report shall provide an analysis as to the reasons why more
5 15 minority-owned businesses have not applied for assistance and
5 16 include recommendations regarding how to encourage the
5 17 creation of more minority-owned businesses.

5 18 NEW SUBSECTION. 11. By January 15 of each year, submit a
5 19 report to the general assembly and the governor identifying
5 20 the number of woman-owned businesses that received financial
5 21 assistance from moneys appropriated from the grow Iowa values
5 22 fund during the previous calendar year. The report shall
5 23 provide an analysis as to the reasons why more woman-owned
5 24 businesses have not applied for assistance and include
5 25 recommendations regarding how to encourage the creation of
5 26 more woman-owned businesses.

5 27 Sec. 5. APPOINTMENTS DURING BIPARTISAN CONTROL.
5 28 Appointments of general assembly members to the Iowa economic
5 29 development board, which are to be made by the president of
5 30 the senate or by the majority or minority leader of the senate
5 31 during the period that the senate for the Eighty-first General
5 32 Assembly is composed of an equal number of members of each
5 33 major political party, shall be made jointly by the co=
5 34 presidents or co-floor leaders, as appropriate, in accordance
5 35 with Senate Resolution 1, adopted during the 2005 legislative
6 1 session.

6 2 DIVISION III

6 3 REGULATORY ASSISTANCE

6 4 Sec. 6. NEW SECTION. 15E.19 REGULATORY ASSISTANCE.

6 5 1. The department of economic development shall coordinate
6 6 all regulatory assistance for the state of Iowa. Each state
6 7 agency administering regulatory programs for business shall
6 8 maintain a coordinator within the office of the director or
6 9 the administrative division of the state agency. Each
6 10 coordinator shall do all of the following:

6 11 a. Serve as the state agency's primary contact for
6 12 regulatory affairs with the department of economic
6 13 development.

6 14 b. Provide information regarding regulatory requirements
6 15 to businesses and represent the state agency to the private
6 16 sector.

6 17 c. Monitor permit applications and provide timely permit
6 18 status information to the department of economic development.

6 19 d. Require regulatory staff participation in negotiations
6 20 and discussions with businesses.

6 21 e. Notify the department of economic development regarding
6 22 proposed rulemaking activities that impact a regulatory
6 23 program and any subsequent changes to a regulatory program.

6 24 2. The department of economic development shall, in
6 25 consultation with the coordinators described in this section,
6 26 examine, and to the extent permissible, assist in the
6 27 implementation of methods, including the possible
6 28 establishment of an electronic database, to streamline the
6 29 process for issuing permits to business.

6 30 3. By January 15 of each year, the department of economic
6 31 development shall submit a written report to the general
6 32 assembly regarding the provision of regulatory assistance by
6 33 state agencies, including the department's efforts, and its
6 34 recommendations and proposed solutions, to streamline the

6 35 process of issuing permits to business.

7 1 DIVISION IV
7 2 ECONOMIC DEVELOPMENT REGIONS

7 3 Sec. 7. NEW SECTION. 15E.21 IOWA BUSINESS RESOURCE
7 4 CENTERS.

7 5 The department shall establish an Iowa business resource
7 6 center program for purposes of locating Iowa business resource
7 7 centers in the state. The department shall partner with
7 8 another entity wanting to assist with economic growth and
7 9 establish an Iowa business resource center. Operational
7 10 duties of a center shall focus on providing information and
7 11 referrals to entrepreneurs and businesses. Operational duties
7 12 of a center shall be determined pursuant to a memorandum of
7 13 agreement between the department and the other entity.

7 14 Sec. 8. NEW SECTION. 15E.231 ECONOMIC DEVELOPMENT
7 15 REGIONS.

7 16 1. In order for an economic development region to receive
7 17 moneys from the grow Iowa values fund created in section
7 18 15G.108, an economic development region's regional development
7 19 plan must be approved by the department. An economic
7 20 development region shall consist of not less than three
7 21 counties, unless two contiguous counties have a combined
7 22 population of at least three hundred thousand based on the
7 23 most recent federal decennial census. An economic development
7 24 region shall establish a focused economic development effort
7 25 that shall include a regional development plan relating to one
7 26 or more of the following areas:

- 7 27 a. Regional marketing strategies.
- 7 28 b. Development of the information solutions sector.
- 7 29 c. Development of the advanced manufacturing sector.
- 7 30 d. Development of the life sciences and biotechnology
- 7 31 sector.
- 7 32 e. Development of the insurance or financial services
- 7 33 sector.
- 7 34 f. Physical infrastructure including, but not limited to,
- 7 35 horizontal infrastructure, water and sewer infrastructure, and
- 8 1 telecommunications infrastructure.

8 2 g. Entrepreneurship.
8 3 2. An economic development region may create an economic
8 4 development region revolving fund as provided in section
8 5 15E.232.

8 6 Sec. 9. NEW SECTION. 15E.232 ECONOMIC DEVELOPMENT REGION
8 7 REVOLVING FUNDS == TAX CREDITS.

8 8 1. An economic development region may create an economic
8 9 development region revolving fund.

8 10 2. a. A nongovernmental entity making a contribution to
8 11 an economic development region revolving fund, except those
8 12 described in paragraph "b", may claim a tax credit equal to
8 13 twenty percent of the amount contributed to the revolving
8 14 fund. The tax credit shall be allowed against taxes imposed
8 15 in chapter 422, divisions II, III, and V, and in chapter 432,
8 16 and against the moneys and credits tax imposed in section
8 17 533.24. An individual may claim under this subsection the tax
8 18 credit of a partnership, limited liability company, S
8 19 corporation, estate, or trust electing to have income taxed
8 20 directly to the individual. The amount claimed by the
8 21 individual shall be based upon the pro rata share of the
8 22 individual's earnings from the partnership, limited liability
8 23 company, S corporation, estate, or trust. Any tax credit in
8 24 excess of the taxpayer's liability for the tax year may be
8 25 credited to the tax liability for the following ten years or
8 26 until depleted, whichever occurs first. A tax credit shall
8 27 not be carried back to a tax year prior to the tax year in
8 28 which the taxpayer redeems the tax credit. A tax credit under
8 29 this section is not transferable.

8 30 b. Subject to the provisions of paragraph "c", an
8 31 organization exempt from federal income tax pursuant to
8 32 section 501(c) of the Internal Revenue Code making a
8 33 contribution to an economic development region revolving fund,
8 34 shall be paid from the general fund of the state an amount
8 35 equal to twenty percent of such contributed amount within
9 1 thirty days after the end of the fiscal year during which the
9 2 contribution was made.

9 3 c. The total amount of tax credits and payments to
9 4 contributors, referred to as the credit amount, authorized
9 5 during a fiscal year shall not exceed two million dollars plus
9 6 any unused credit amount carried over from previous years.
9 7 Any credit amount which remains unused for a fiscal year may
9 8 be carried forward to the succeeding fiscal year. The maximum
9 9 credit amount that may be authorized in a fiscal year for
9 10 contributions made to a specific economic development region

9 11 revolving fund is equal to two million dollars plus any unused
9 12 credit amount carried over from previous years divided by the
9 13 number of economic development region revolving funds existing
9 14 in the state.

9 15 d. The department of economic development shall administer
9 16 the authorization of tax credits under this section and
9 17 payments to contributors described in paragraph "b" and shall,
9 18 in cooperation with the department of revenue, adopt rules
9 19 pursuant to chapter 17A necessary for the administration of
9 20 this section.

9 21 3. An economic development region may apply for financial
9 22 assistance from the grow Iowa values fund to assist with the
9 23 installation of physical infrastructure needs including, but
9 24 not limited to, horizontal infrastructure, water and sewer
9 25 infrastructure, and telecommunications infrastructure, related
9 26 to the development of fully served business and industrial
9 27 sites by one or more of the region's economic development
9 28 partners or for the installation of infrastructure related to
9 29 a new business location or expansion. In order to receive
9 30 financial assistance pursuant to this subsection, the economic
9 31 development region must demonstrate all of the following:

9 32 a. The ability to provide matching moneys on a basis of a
9 33 one dollar contribution of local matching moneys for every two
9 34 dollars received from the grow Iowa values fund.

9 35 b. The commitment of the specific business partner
10 1 including, but not limited to, a letter of intent defining a
10 2 capital commitment or a percentage of equity.

10 3 c. That all other funding alternatives have been
10 4 exhausted.

10 5 4. The department may establish and administer a regional
10 6 economic development revenue sharing pilot project for one or
10 7 more regions. The department shall take into consideration
10 8 the geographical dispersion of the pilot projects. The
10 9 department shall provide technical assistance to the regions
10 10 participating in a pilot project.

10 11 5. An economic development region may apply for financial
10 12 assistance from the grow Iowa values fund to assist an
10 13 existing business threatened with closure due to a potential
10 14 consolidation to an out-of-state location. The economic
10 15 development region may apply for financial assistance from the
10 16 grow Iowa values fund for the purchase, rehabilitation, or
10 17 marketing of a building that has become available due to the
10 18 closing of an existing business due to a consolidation to an
10 19 out-of-state location. In order to receive financial
10 20 assistance under this subsection, an economic development
10 21 region must demonstrate the ability to provide local matching
10 22 moneys on a basis of a one dollar contribution of local moneys
10 23 for every three dollars received from the grow Iowa values
10 24 fund.

10 25 6. An economic development region may apply for financial
10 26 assistance from the grow Iowa values fund to establish and
10 27 operate an entrepreneurial initiative. In order to receive
10 28 financial assistance under this subsection, an economic
10 29 development region must demonstrate the ability to provide
10 30 local matching moneys on a basis of a one dollar contribution
10 31 of local moneys for every two dollars received from the grow
10 32 Iowa values fund.

10 33 7. a. An economic development region may apply for
10 34 financial assistance from the grow Iowa values fund to
10 35 establish and operate a business succession assistance program
11 1 for the region.

11 2 b. In order to receive financial assistance under this
11 3 subsection, an economic development region must demonstrate
11 4 the ability to provide local matching moneys on a basis of a
11 5 one dollar contribution of local moneys for every two dollars
11 6 received from the grow Iowa values fund.

11 7 8. An economic development region may apply for financial
11 8 assistance from the grow Iowa values fund to implement
11 9 economic development initiatives that are either unique to the
11 10 region or innovative in design and implementation. In order
11 11 to receive financial assistance under this subsection, an
11 12 economic development region must demonstrate the ability to
11 13 provide local matching moneys on a one-to-one basis.

11 14 9. Financial assistance under subsections 3, 5, 6, 7, and
11 15 8, and section 15E.233 shall be limited to a total of one
11 16 million dollars each fiscal year for the fiscal period
11 17 beginning July 1, 2005, and ending June 30, 2015, and shall
11 18 not be provided to assist in the establishment, operation, or
11 19 installation of a project, initiative, or activity that may
11 20 result in the provision, lease, or sale of goods or services
11 21 by a government body that competes with private enterprise.

11 22 Sec. 10. NEW SECTION. 15E.233 ECONOMIC ENTERPRISE AREAS.

11 23 1. An economic development region may apply to the
11 24 department for approval to be designated as an economic
11 25 enterprise area based on criteria provided in subsection 3.
11 26 The department shall approve no more than ten regions as
11 27 economic enterprise areas.

11 28 2. a. An approved economic enterprise area may apply to
11 29 the department for financial assistance from the grow Iowa
11 30 values fund for up to seventy-five thousand dollars each
11 31 fiscal year during the fiscal period beginning July 1, 2005,
11 32 and ending June 30, 2015, for any of the following purposes:

11 33 (1) Economic development-related strategic planning and
11 34 marketing for the region as a whole.

11 35 (2) Economic development of fully-served business sites.

12 1 (3) The construction of speculative buildings on a fully
12 2 served lot.

12 3 (4) The rehabilitation of an existing building to
12 4 marketable standards.

12 5 b. In order to receive financial assistance under this
12 6 subsection, an economic enterprise area must demonstrate the
12 7 ability to provide local matching moneys on a basis of a one
12 8 dollar contribution of local moneys for every three dollars
12 9 received from the grow Iowa values fund.

12 10 3. An economic enterprise area shall consist of at least
12 11 one county containing no city with a population of more than
12 12 twenty-three thousand five hundred and shall meet at least two
12 13 of the following criteria:

12 14 a. A per capita income of eighty percent or less than the
12 15 national average.

12 16 b. A household median income of eighty percent or less
12 17 than the national average.

12 18 c. Twenty-five percent or more of the population of the
12 19 economic enterprise area with an income level of one hundred
12 20 fifty percent or less of the United States poverty level as
12 21 defined by the most recently revised poverty income guidelines
12 22 published by the United States department of health and human
12 23 services.

12 24 d. A population density in the economic enterprise area of
12 25 less than ten people per square mile.

12 26 e. A loss of population as shown by the 2000 certified
12 27 federal census when compared with the 1990 certified federal
12 28 census.

12 29 f. An unemployment rate greater than the national rate of
12 30 unemployment.

12 31 g. More than twenty percent of the population of the
12 32 economic enterprise area consisting of people over the age of
12 33 sixty-five.

12 34 Sec. 11. NEW SECTION. 15E.351 BUSINESS ACCELERATORS.

12 35 1. The department shall establish and administer a
13 1 business accelerator program to provide financial assistance
13 2 for the establishment and operation of a business accelerator
13 3 for technology-based, value-added agricultural, information
13 4 solutions, or advanced manufacturing start-up businesses or
13 5 for a satellite of an existing business accelerator. The
13 6 program shall be designed to foster the accelerated growth of
13 7 new and existing businesses through the provision of technical
13 8 assistance. The department shall use moneys appropriated to
13 9 the department from the grow Iowa values fund pursuant to
13 10 section 15G.111, subsection 1, if enacted, subject to the
13 11 approval of the economic development board, to provide
13 12 financial assistance under this section.

13 13 2. In determining whether a business accelerator qualifies
13 14 for financial assistance, the department must find that a
13 15 business accelerator meets all of the following criteria:

13 16 a. The business accelerator must be a not-for-profit
13 17 organization affiliated with an area chamber of commerce, a
13 18 community or county organization, or economic development
13 19 region.

13 20 b. The geographic area served by a business accelerator
13 21 must include more than one county.

13 22 c. The business accelerator must possess the ability to
13 23 provide service to a specific type of business as well as to
13 24 meet the broad-based needs of other types of start-up
13 25 entrepreneurs.

13 26 d. The business accelerator must possess the ability to
13 27 market business accelerator services in the region and the
13 28 state.

13 29 e. The business accelerator must possess the ability to
13 30 communicate with and cooperate with other business
13 31 accelerators and similar service providers in the state.

13 32 f. The business accelerator must possess the ability to

13 33 engage various funding sources for start-up entrepreneurs.
13 34 g. The business accelerator must possess the ability to
13 35 communicate with and cooperate with various entities for
14 1 purposes of locating suitable facilities for clients of the
14 2 business accelerator.
14 3 h. The business accelerator must possess the willingness
14 4 to accept referrals from the department of economic
14 5 development.
14 6 3. In determining whether a business accelerator qualifies
14 7 for financial assistance, the department may consider any of
14 8 the following:
14 9 a. The business experience of the business accelerator's
14 10 professional staff.
14 11 b. The business plan review capacity of the business
14 12 accelerator's professional staff.
14 13 c. The business accelerator's professional staff with
14 14 demonstrated disciplines in all aspects of business
14 15 experience.
14 16 d. The business accelerator's professional staff with
14 17 access to external service providers including legal,
14 18 accounting, marketing, and financial services.
14 19 4. In order to receive financial assistance under this
14 20 section, the financial assistance recipient must demonstrate
14 21 the ability to provide matching moneys on a basis of a two
14 22 dollar contribution of recipient moneys for every one dollar
14 23 received in financial assistance.
14 24 Sec. 12. NEW SECTION. 422.11K ECONOMIC DEVELOPMENT
14 25 REGION REVOLVING FUND TAX CREDIT.
14 26 The taxes imposed under this division, less the credits
14 27 allowed under sections 422.12 and 422.12B, shall be reduced by
14 28 an economic development region revolving fund contribution tax
14 29 credit authorized pursuant to section 15E.232.
14 30 Sec. 13. Section 422.33, Code 2005, is amended by adding
14 31 the following new subsection:
14 32 NEW SUBSECTION. 17. The taxes imposed under this division
14 33 shall be reduced by an economic development region revolving
14 34 fund contribution tax credit authorized pursuant to section
14 35 15E.232.
15 1 Sec. 14. Section 422.60, Code 2005, is amended by adding
15 2 the following new subsection:
15 3 NEW SUBSECTION. 9. The taxes imposed under this division
15 4 shall be reduced by an economic development region revolving
15 5 fund contribution tax credit authorized pursuant to section
15 6 15E.232.
15 7 Sec. 15. NEW SECTION. 432.12F ECONOMIC DEVELOPMENT
15 8 REGION REVOLVING FUND CONTRIBUTION TAX CREDITS.
15 9 The tax imposed under this chapter shall be reduced by an
15 10 economic development region tax credit authorized pursuant to
15 11 section 15E.232.
15 12 Sec. 16. Section 533.24, Code 2005, is amended by adding
15 13 the following new subsection:
15 14 NEW SUBSECTION. 6. The moneys and credits tax imposed
15 15 under this section shall be reduced by an economic development
15 16 region revolving fund contribution tax credit authorized
15 17 pursuant to section 15E.232.
15 18 Sec. 17. BUSINESS SUCCESSION == SMALL BUSINESS DEVELOPMENT
15 19 CENTERS. As the loss of a community's small businesses is a
15 20 major concern for communities around the state, small business
15 21 development centers shall design a plan which includes all of
15 22 the following:
15 23 1. The pursuit of public and private partnerships with
15 24 family business consultants, experts in the area of employee
15 25 stock ownership plans, attorneys, certified public
15 26 accountants, the department of economic development, and other
15 27 service providers to assist communities with issues related to
15 28 business succession.
15 29 2. The development of a comprehensive internet website
15 30 with resources related to business succession including a
15 31 listing of family business consultants and service providers
15 32 by area of expertise, appropriate articles, links to related
15 33 resources, and a listing of businesses for sale. The internet
15 34 website should also be designed to promote the state and to
15 35 encourage former Iowa residents and others to locate in Iowa.
16 1 3. Basic training on business succession issues for all
16 2 small business development center directors and staff
16 3 counselors.
16 4 4. Courses on business succession issues available in
16 5 person in communities and on the internet.
16 6 5. Small business development centers in the state shall
16 7 develop and administer programs to assist small businesses to
16 8 plan for the transfer of ownership of the business, including

16 9 the transfer of all or a part of the ownership of a business
16 10 to an employee stock ownership plan.

16 11 DIVISION V
16 12 CULTURAL AND ENTERTAINMENT DISTRICTS

16 13 Sec. 18. NEW SECTION. 303.3B CULTURAL AND ENTERTAINMENT
16 14 DISTRICTS.

16 15 1. The department of cultural affairs shall establish and
16 16 administer a cultural and entertainment district certification
16 17 program. The program shall encourage the growth of
16 18 communities through the development of areas within a city or
16 19 county for public and private uses related to cultural and
16 20 entertainment purposes.

16 21 2. A city or county may create and designate a cultural
16 22 and entertainment district subject to certification by the
16 23 department of cultural affairs, in consultation with the
16 24 department of economic development. A cultural and
16 25 entertainment district is encouraged to include a unique form
16 26 of transportation within the district and for transportation
16 27 between the district and recreational trails. A cultural and
16 28 entertainment district certification shall remain in effect
16 29 for ten years following the date of certification. Two or
16 30 more cities or counties may apply jointly for certification of
16 31 a district that extends across a common boundary. Through the
16 32 adoption of administrative rules, the department of cultural
16 33 affairs shall develop a certification application for use in
16 34 the certification process. The provisions of this subsection
16 35 relating to the adoption of administrative rules shall be
17 1 construed narrowly.

17 2 3. The department of cultural affairs shall encourage
17 3 development projects and activities located in certified
17 4 cultural and entertainment districts through incentives under
17 5 cultural grant programs pursuant to section 303.3, chapter
17 6 303A, and any other grant programs.

17 7 DIVISION VI
17 8 HISTORIC PRESERVATION AND CULTURAL
17 9 AND ENTERTAINMENT DISTRICT TAX CREDITS

17 10 Sec. 19. Section 404A.1, subsection 1, Code 2005, is
17 11 amended to read as follows:

17 12 1. ~~A property rehabilitation historic preservation and~~
17 13 ~~cultural and entertainment district tax credit, subject to the~~
17 14 availability of the credit, is granted against the tax imposed
17 15 under chapter 422, division II, III, or V, or chapter 432, for
17 16 the rehabilitation of eligible property located in this state
17 17 as provided in this chapter. Tax credits in excess of tax
17 18 liabilities shall be refunded as provided in section 404A.4,
17 19 subsection 3.

17 20 Sec. 20. Section 404A.1, subsection 2, unnumbered
17 21 paragraph 1, Code 2005, is amended to read as follows:
17 22 Eligible property for which a taxpayer may receive the
17 23 ~~property rehabilitation historic preservation and cultural and~~
17 24 ~~entertainment district tax credit computed under this chapter~~
17 25 includes all of the following:

17 26 Sec. 21. Section 404A.3, subsection 2, unnumbered
17 27 paragraph 2, Code 2005, is amended to read as follows:

17 28 The selection standards shall provide that a person who
17 29 qualifies for the rehabilitation tax credit under section 47
17 30 of the Internal Revenue Code shall automatically qualify for
17 31 the state ~~property rehabilitation historic preservation and~~
17 32 ~~cultural and entertainment district tax credit under this~~
17 33 chapter.

17 34 Sec. 22. Section 404A.4, subsection 2, Code 2005, is
17 35 amended to read as follows:

18 1 2. After verifying the eligibility for the tax credit, the
18 2 state historic preservation office, in consultation with the
18 3 department of economic development, shall issue a ~~property~~
18 4 ~~rehabilitation historic preservation and cultural and~~
18 5 ~~entertainment district tax credit certificate to be attached~~
18 6 to the person's tax return. The tax credit certificate shall
18 7 contain the taxpayer's name, address, tax identification
18 8 number, the date of project completion, the amount of credit,
18 9 other information required by the department of revenue, and a
18 10 place for the name and tax identification number of a
18 11 transferee and the amount of the tax credit being transferred.

18 12 Sec. 23. Section 404A.4, subsection 3, Code 2005, is
18 13 amended to read as follows:

18 14 3. A person receiving a ~~property rehabilitation historic~~
18 15 ~~preservation and cultural and entertainment district tax~~
18 16 credit under this chapter which is in excess of the person's
18 17 tax liability for the tax year is entitled to a refund of the
18 18 excess at a discounted value. The discounted value of the tax
18 19 credit refund, as calculated by the department of economic

18 20 development, in consultation with the department of revenue,
18 21 shall be determined based on the discounted value of the tax
18 22 credit five years after the tax year of the project completion
18 23 at an interest rate equivalent to the prime rate plus two
18 24 percent. The refunded tax credit shall not exceed seventy=
18 25 five percent of the allowable tax credit.

18 26 Sec. 24. Section 404A.4, subsection 4, Code 2005, is
18 27 amended to read as follows:

18 28 4. The total amount of tax credits that may be approved
18 29 for a fiscal year under this chapter for projects located
18 30 inside or outside certified cultural and entertainment
18 31 districts shall not exceed two million four hundred thousand
18 32 dollars. For the fiscal years period beginning July 1, 2005,
18 33 and July 1, 2006 and ending June 30, 2015, an additional five
18 34 hundred thousand four million dollars of tax credits may be
18 35 approved each fiscal year for purposes of projects located in
19 1 cultural and entertainment districts certified pursuant to
19 2 section 303.3B or for rehabilitation projects approved
19 3 pursuant to section 404A.3 regardless of the location of such
19 4 rehabilitation projects. Notwithstanding section 404A.1, the
19 5 tax credits approved for projects located in certified
19 6 cultural and entertainment districts may be for projects which
19 7 include new construction or new infrastructure projects that
19 8 enhance the historic and cultural integrity of the certified
19 9 cultural and entertainment district. Any of the additional
19 10 tax credits allocated for projects located in certified
19 11 cultural and entertainment districts that are not approved
19 12 during a fiscal year may be carried over to the succeeding
19 13 fiscal year. The department of cultural affairs shall
19 14 establish by rule the procedures for the application, review,
19 15 selection, and awarding of certifications of completion. The
19 16 departments of economic development, cultural affairs, and
19 17 revenue shall each adopt rules to jointly administer this
19 18 subsection and shall provide by rule for the method to be used
19 19 to determine for which fiscal year the tax credits are
19 20 available.

19 21 Sec. 25. Section 404A.5, Code 2005, is amended to read as
19 22 follows:

19 23 404A.5 ECONOMIC IMPACT == RECOMMENDATIONS.

19 24 The department of cultural affairs, in consultation with
19 25 the department of economic development, shall be responsible
19 26 for keeping the general assembly and the legislative services
19 27 agency informed on the overall economic impact to the state of
19 28 the rehabilitation of eligible properties. An annual report
19 29 shall be filed which shall include, but is not limited to,
19 30 data on the number and potential value of rehabilitation
19 31 projects begun during the latest twelve-month period, the
19 32 total property rehabilitation historic preservation and
19 33 cultural and entertainment district tax credits originally
19 34 granted during that period, the potential reduction in state
19 35 tax revenues as a result of all tax credits still unused and
20 1 eligible for refund, and the potential increase in local
20 2 property tax revenues as a result of the rehabilitated
20 3 projects. The department, to the extent it is able, shall
20 4 provide recommendations on whether a limit on tax credits
20 5 should be established, the need for a broader or more
20 6 restrictive definition of eligible property, and other
20 7 adjustments to the tax credits under this chapter.

20 8 DIVISION VII
20 9 COMMERCIALIZATION

20 10 Sec. 26. NEW SECTION. 15.115 TECHNOLOGY
20 11 COMMERCIALIZATION SPECIALIST.

20 12 The department shall ensure that businesses in the state
20 13 are well informed about the technology patents, licenses, and
20 14 options available to them from colleges and universities in
20 15 the state and to ensure the department's business development
20 16 and marketing efforts are conducted in a way that maximizes
20 17 the advantage to the state of research and technology
20 18 commercialization efforts at colleges and universities in the
20 19 state. The department shall establish a technology
20 20 commercialization specialist position which shall be
20 21 responsible for the obligations imposed by this section and
20 22 for performance of all of the following activities:

- 20 23 1. Establishing and maintaining communication with
20 24 personnel in charge of intellectual property management and
20 25 technology at colleges and universities in the state.
- 20 26 2. Meeting at least quarterly with personnel in charge of
20 27 intellectual property management and technology
20 28 commercialization regarding new technology disclosures and
20 29 technology patents, licenses, or options available to Iowa
20 30 businesses at colleges and universities in the state.

20 31 3. Being knowledgeable regarding intellectual property,
20 32 patent, license, and option policies of colleges and
20 33 universities in the state as well as applicable federal law.

20 34 4. Establishing and maintaining an internet website to
20 35 link other internet websites which provide electronic access
21 1 to information regarding available patents, licenses, or
21 2 options for technology at colleges and universities in the
21 3 state.

21 4 5. Establishing and maintaining communications with
21 5 business and development organizations in the state regarding
21 6 available technology patents, licenses, and options.

21 7 6. Cooperating with colleges and universities in the state
21 8 in establishing technology fairs or other public events
21 9 designed to make businesses in the state aware of available
21 10 technology patents, licenses, or options available to
21 11 businesses in the state.

21 12 Sec. 27. NEW SECTION. 15.115A TECHNOLOGY
21 13 COMMERCIALIZATION COMMITTEE.

21 14 To evaluate and approve funding for projects and programs
21 15 under section 15G.111, subsection 2, if enacted, the economic
21 16 development board shall create a technology commercialization
21 17 committee composed of members with expertise in the areas of
21 18 biosciences, engineering, manufacturing, pharmaceuticals,
21 19 materials, information solutions, software, and energy. An
21 20 organization designated by the department, composed of members
21 21 from both the public and private sectors and composed of
21 22 subunits or subcommittees in the areas of already identified
21 23 bioscience platforms, education and workforce development,
21 24 commercialization, communication, policy and governance, and
21 25 finance, shall provide funding recommendations to the
21 26 technology commercialization committee.

21 27 Sec. 28. NEW SECTION. 15.116 CHIEF TECHNOLOGY OFFICER.

21 28 The governor shall appoint a chief technology officer for
21 29 the state. The chief technology officer shall serve a four=
21 30 year term and shall have national or international stature.
21 31 The chief technology officer shall coordinate the activities
21 32 of the technology commercialization specialist employed
21 33 pursuant to section 15.115. The chief technology officer
21 34 shall serve as a spokesperson for the department for purposes
21 35 of promoting to private sector businesses the technology
22 1 commercialization efforts of the department and the research
22 2 and technology capabilities of institutions of higher learning
22 3 in the state.

22 4 Sec. 29. Section 262B.1, Code 2005, is amended by striking
22 5 the section and inserting in lieu thereof the following:

22 6 262B.1 TITLE.

22 7 This chapter shall be known and may be cited as the
22 8 "Commercialization of Research for Iowa Act".

22 9 Sec. 30. Section 262B.2, Code 2005, is amended by striking
22 10 the section and inserting in lieu thereof the following:

22 11 262B.2 LEGISLATIVE INTENT.

22 12 It is the intent of the general assembly that the three
22 13 universities under the control of the state board of regents
22 14 have as part of their missions the use of their universities'
22 15 expertise to expand and stimulate economic growth across the
22 16 state. This activity may be accomplished through a wide
22 17 variety of partnerships, public and private joint ventures,
22 18 and cooperative endeavors, primarily, but not exclusively, in
22 19 the area of high technology, and may result in investments by
22 20 the private sector for commercialization of the technology and
22 21 job creation. It is imperative that whenever possible, the
22 22 investments and job creation be in Iowa but need not be in the
22 23 proximity of the universities. The purpose of the investments
22 24 and job creation shall be to expand and stimulate Iowa's
22 25 economy, increase the wealth of Iowans, and increase the
22 26 population of Iowa, which may be accomplished through research
22 27 conducted within the state that will competitively position
22 28 Iowa on an economic basis with other states and create high=
22 29 wage, high-growth employers and jobs. Accredited private
22 30 universities located in the state are encouraged to
22 31 incorporate the intent of this section into the mission of
22 32 their universities.

22 33 Sec. 31. Section 262B.3, Code 2005, is amended by striking
22 34 the section and inserting in lieu thereof the following:

22 35 262B.3 DUTIES AND RESPONSIBILITIES.

23 1 1. The state board of regents, as part of its mission and
23 2 strategic plan, shall establish mechanisms for the purpose of
23 3 carrying out the intent of this chapter. In addition to other
23 4 board initiatives, the board shall work with the department of
23 5 economic development, other state agencies, and the private
23 6 sector to facilitate the commercialization of research.

23 7 2. The state board of regents, in cooperation with the
23 8 department of economic development, shall implement this
23 9 chapter through any of the following activities:
23 10 a. Developing strategies to market and disseminate
23 11 information on university research for commercialization in
23 12 Iowa.
23 13 b. Evaluating university research for commercialization
23 14 potential, where relevant.
23 15 c. Developing a plan to improve private sector access to
23 16 the university licenses and patent information and the
23 17 transfer of technology from the university to the private
23 18 sector.
23 19 d. Identifying research and technical assistance needs of
23 20 existing Iowa businesses and start-up companies and
23 21 recommending ways in which the universities can meet these
23 22 needs.
23 23 e. Linking research and instruction activities to economic
23 24 development.
23 25 f. Reviewing and monitoring activities related to
23 26 technology transfer.
23 27 g. Coordinating activities to facilitate a focus on
23 28 research in the state's targeted industry clusters.
23 29 h. Surveying similar activities in other states and at
23 30 other universities.
23 31 i. Establishing a single point of contact to facilitate
23 32 commercialization of research.
23 33 j. Sustaining faculty and staff resources needed to
23 34 implement commercialization.
23 35 k. Implementing programs to provide public recognition of
24 1 university faculty and staff who demonstrate success in
24 2 technology transfer and commercialization.
24 3 l. Implementing rural entrepreneurial and regional
24 4 development assistance programs.
24 5 m. Providing market research ranging from early stage
24 6 feasibility to extensive market research.
24 7 n. Creating real or virtual research parks that may or may
24 8 not be located near universities, but with the goal of
24 9 providing economic stimulus to the entire state.
24 10 o. Capacity building in key biosciences platform areas.
24 11 p. Encouraging biosciences entrepreneurship by faculty.
24 12 q. Providing matching grants for joint biosciences
24 13 projects involving public and private entities.
24 14 r. Encouraging biosciences entrepreneurship by faculty
24 15 using faculty research and entrepreneurship grants.
24 16 s. Pursuing bioeconomy initiatives in key platform areas
24 17 as recommended by a consultant report on bioeconomy issues
24 18 contracted for by the department of economic development.

24 19 Sec. 32. Sections 262B.4, 262B.5, and 262B.12, Code 2005,
24 20 are repealed.

24 21 Sec. 33. STUDIES.

24 22 1. The state board of regents shall conduct a study to
24 23 determine the feasibility of establishing a graduate school in
24 24 western Iowa in cooperation with other public or private
24 25 institutions of higher learning. By December 15, 2005, the
24 26 board shall submit a report to the general assembly and the
24 27 governor regarding the findings and recommendations of the
24 28 study.

24 29 2. The state board of regents shall conduct a study
24 30 relating to cost-effective methods of recognizing the efforts
24 31 of faculty to achieve commercialization. By December 15,
24 32 2005, the board shall submit a report to the general assembly
24 33 and the governor regarding the findings and recommendations of
24 34 the study.

24 35 DIVISION VIII

25 1 WORKFORCE TRAINING AND ECONOMIC DEVELOPMENT FUNDS

25 2 Sec. 34. Section 260C.18A, subsection 2, paragraph b, Code
25 3 2005, is amended to read as follows:

25 4 b. Projects in which an agreement between a community
25 5 college and a business meet all the requirements of the Iowa
25 6 jobs training Act under chapter 260F. However, projects
25 7 funded by moneys provided by a local workforce training and
25 8 economic development fund of a community college are not
25 9 subject to the maximum advance or award limitations contained
25 10 in section 260F.6, subsection 2, or the allocation limitations
25 11 contained in section 260F.8, subsection 1.

25 12 Sec. 35. Section 260C.18A, subsection 2, Code 2005, is
25 13 amended by adding the following new paragraph:

25 14 NEW PARAGRAPH. f. Training and retraining programs for
25 15 targeted industries as authorized in section 15.343,
25 16 subsection 2, paragraph "a".

25 17 Sec. 36. Section 260C.18A, subsection 5, Code 2005, is

25 18 amended by striking the subsection.

25 19 DIVISION IX

25 20 LOAN AND CREDIT GUARANTEE PROGRAM

25 21 Sec. 37. Section 15E.224, subsections 1, 5, and 7, Code
25 22 2005, are amended to read as follows:

25 23 1. The department shall establish and administer a loan
25 24 and credit guarantee program. The department, pursuant to
25 25 agreements with financial institutions, shall provide loan and
25 26 credit guarantees, or other forms of credit guarantees for
25 27 qualified businesses and targeted industry businesses for
25 28 eligible project costs. The department may invest up to ten
25 29 percent of the assets of the loan and credit guarantee fund,
25 30 or five hundred thousand dollars, whichever is greater, to
25 31 provide loan and credit guarantees or other forms of credit
25 32 guarantees for eligible project costs to microenterprises
25 33 located in a municipality with a population under fifty
25 34 thousand that is not contiguous to a municipality with a
25 35 population of fifty thousand or more. For purposes of this
26 1 division, "microenterprise" means a business providing
26 2 services with five or fewer full-time equivalent employee
26 3 positions. A loan or credit guarantee provided under the
26 4 program may stand alone or may be used in conjunction with or
26 5 to enhance other loans or credit guarantees offered by
26 6 private, state, or federal entities. The department may
26 7 purchase insurance to cover defaulted loans meeting the
26 8 requirements of the program. However, the department shall not
26 9 in any manner directly or indirectly pledge the credit of the
26 10 state. Eligible project costs include expenditures for
26 11 productive equipment and machinery, working capital for
26 12 operations and export transactions, research and development,
26 13 marketing, and such other costs as the department may so
26 14 designate.

26 15 5. The department shall adopt a loan or credit guarantee
26 16 application procedure for a financial institution on behalf of
26 17 a qualified business, microenterprise, or targeted industry
26 18 business.

26 19 7. The department may adopt loan and credit guarantee
26 20 application procedures that allow a qualified business,
26 21 microenterprise, or targeted industry business to apply
26 22 directly to the department for a preliminary guarantee
26 23 commitment. A preliminary guarantee commitment may be issued
26 24 by the department subject to the qualified business,
26 25 microenterprise, or targeted industry business securing a
26 26 commitment for financing from a financial institution. The
26 27 application procedures shall specify the process by which a
26 28 financial institution may obtain a final loan and credit
26 29 guarantee.

26 30 Sec. 38. Section 15E.225, subsection 3, Code 2005, is
26 31 amended to read as follows:

26 32 3. For a preliminary guarantee commitment, the department
26 33 may charge a qualified business, microenterprise, or targeted
26 34 industry business a preliminary guarantee commitment fee. The
26 35 application fee shall be in addition to any other fees charged
27 1 by the department under this section and shall not exceed one
27 2 thousand dollars for an application.

27 3 DIVISION X

27 4 ECONOMIC DEVELOPMENT TAX INCENTIVES

27 5 Sec. 39. Section 15.113, Code 2005, is amended to read as
27 6 follows:

27 7 15.113 ECONOMIC DEVELOPMENT ASSISTANCE == REPORT.

27 8 In order for the general assembly to have accurate and
27 9 complete information regarding expenditures for economic
27 10 development and job training incentives and to respond to the
27 11 job training needs of Iowa workers, the department shall
27 12 provide to the legislative services agency by January 15 of
27 13 each year data on all assistance or benefits provided under
27 14 the community economic betterment program, the ~~new jobs and~~
27 15 ~~income program~~, high quality job creation program, and the
27 16 Iowa industrial new jobs training Act during the previous
27 17 calendar year. The department shall meet with the legislative
27 18 services agency prior to submitting the data to assure that
27 19 its form and specificity are sufficient to provide accurate
27 20 and complete information to the general assembly. The
27 21 department shall also contact other state agencies providing
27 22 financial assistance to Iowa businesses and, to the extent
27 23 practical, coordinate the submission of the data to the
27 24 legislative services agency.

27 25 Sec. 40. Section 15.326, Code 2005, is amended to read as
27 26 follows:

27 27 15.326 SHORT TITLE.

27 28 This part shall be known and may be cited as the ~~"New Jobs~~

~~27 29~~ and Income "High Quality Job Creation Act".

27 30 Sec. 41. Section 15.327, Code 2005, is amended to read as
27 31 follows:

27 32 15.327 DEFINITIONS.

27 33 As used in this part, unless the context otherwise
27 34 requires:

27 35 1. "Community" means a city, county, or entity established
28 1 pursuant to chapter 28E.

28 2 2. "Contractor or subcontractor" means a person who
28 3 contracts with the eligible business ~~or a supporting business~~
28 4 or subcontracts with a contractor for the provision of
28 5 property, materials, or services for the construction or
28 6 equipping of a facility, ~~located within the economic~~
~~28 7 development area,~~ of the eligible business ~~or a supporting~~
~~28 8 business.~~

28 9 3. "Department" means the Iowa department of economic
28 10 development.

28 11 ~~4. "Director" means the director of the department or the~~
~~28 12 director's designee.~~

28 13 ~~5. "Economic development area" means a site or sites~~
~~28 14 designated by the department of economic development for the~~
~~28 15 purpose of attracting an eligible business and supporting~~
~~28 16 businesses to locate facilities within the state.~~

28 17 ~~6. 4. "Eligible business" means a business meeting the~~
28 18 conditions of section 15.329.

28 19 ~~7. 5. "Program" means the new jobs and income high~~
28 20 quality job creation program.

28 21 ~~8. 6. "Project completion" means the first date upon~~
28 22 which the average annualized production of finished product
28 23 for the preceding ninety-day period at the manufacturing
28 24 facility operated by the eligible business ~~within the economic~~
~~28 25 development area~~ is at least fifty percent of the initial
28 26 design capacity of the facility. The eligible business shall
28 27 inform the department of revenue in writing within two weeks
28 28 of project completion.

28 29 ~~9. "Supporting business" means a business under contract~~
~~28 30 with the eligible business to provide property, materials, or~~
~~28 31 services which are a necessary component of the operation of~~
~~28 32 the manufacturing facility. To qualify as a supporting~~
~~28 33 business, the business shall have a permanent facility or~~
~~28 34 operations located within the economic development area and~~
~~28 35 the revenue from fulfilling the contract with the eligible~~
~~29 1 business shall constitute at least seventy-five percent of the~~
~~29 2 revenue generated by the business from all activities~~
~~29 3 undertaken from the facility within the economic development~~
~~29 4 area.~~

29 5 7. "Qualifying investment" means a capital investment in
29 6 real property including the purchase price of land and
29 7 existing buildings and structures, site preparation,
29 8 improvements to the real property, building construction, and
29 9 long-term lease costs. "Qualifying investment" also means a
29 10 capital investment in depreciable assets.

29 11 Sec. 42. Section 15.329, Code 2005, is amended by striking
29 12 the section and inserting in lieu thereof the following:

29 13 15.329 ELIGIBLE BUSINESS.

29 14 1. To be eligible to receive incentives under this part, a
29 15 business shall meet all of the following requirements:

29 16 a. If the qualifying investment is ten million dollars or
29 17 more, the community has approved by ordinance or resolution
29 18 the start-up, location, or expansion of the business for the
29 19 purpose of receiving the benefits of this part.

29 20 b. The business has not closed or substantially reduced
29 21 its operation in one area of the state and relocated
29 22 substantially the same operation in the community. This
29 23 subsection does not prohibit a business from expanding its
29 24 operation in the community if existing operations of a similar
29 25 nature in the state are not closed or substantially reduced.

29 26 c. The business is not a retail or service business.

29 27 2. In addition to the requirements of subsection 1, a
29 28 business shall do at least four of the following in order to
29 29 be eligible for incentives under the program:

29 30 a. Offer a pension or profit sharing plan to full-time
29 31 employees.

29 32 b. Produce or manufacture high value-added goods or
29 33 services or be engaged in one of the following industries:

- 29 34 (1) Value-added agricultural products.
29 35 (2) Insurance and financial services.
30 1 (3) Plastics.
30 2 (4) Metals.
30 3 (5) Printing paper or packaging products.
30 4 (6) Drugs and pharmaceuticals.

30 5 (7) Software development.
30 6 (8) Instruments and measuring devices and medical
30 7 instruments.
30 8 (9) Recycling and waste management.
30 9 (10) Telecommunications.
30 10 (11) Trucking and warehousing.
30 11 Retail and service businesses shall not be eligible for
30 12 benefits under this part.
30 13 c. Provide and pay at least eighty percent of the cost of
30 14 a standard medical and dental insurance plan for all full-time
30 15 employees working at the facility in which the new investment
30 16 occurred.
30 17 d. Make child care services available to its employees.
30 18 e. Invest annually no less than one percent of pretax
30 19 profits, from the facility located to Iowa or expanded under
30 20 the program, in research and development in Iowa.
30 21 f. Invest annually no less than one percent of pretax
30 22 profits, from the facility located to Iowa or expanded under
30 23 the program, in worker training and skills enhancement.
30 24 g. Have an active productivity and safety improvement
30 25 program involving management and worker participation and
30 26 cooperation with benchmarks for gauging compliance.
30 27 h. Occupy an existing facility, at least one of the
30 28 buildings of which shall be vacant and shall contain at least
30 29 twenty thousand square feet.
30 30 3. Any business located in a quality jobs enterprise zone
30 31 is ineligible to receive the economic development incentives
30 32 under the program.
30 33 4. If the department finds that a business has a record of
30 34 violations of the law, including but not limited to
30 35 environmental and worker safety statutes, rules, and
31 1 regulations, over a period of time that tends to show a
31 2 consistent pattern, the business shall not qualify for
31 3 economic development assistance under this part, unless the
31 4 department finds that the violations did not seriously affect
31 5 public health or safety, or the environment, or if it did,
31 6 that there were mitigating circumstances. In making the
31 7 findings and determinations regarding violations, mitigating
31 8 circumstances, and whether the business is disqualified for
31 9 economic development assistance under this part, the
31 10 department shall be exempt from chapter 17A.
31 11 5. The department shall also consider a variety of
31 12 factors, including but not limited to the following in
31 13 determining the eligibility of a business to participate in
31 14 the program:
31 15 a. The quality of the jobs to be created. In rating the
31 16 quality of the jobs, the department shall place greater
31 17 emphasis on those jobs that have a higher wage scale, have a
31 18 lower turnover rate, are full-time or career-type positions,
31 19 provide comprehensive health benefits, or have other related
31 20 factors which could be considered to be higher in quality,
31 21 than to other jobs. Businesses that have wage scales
31 22 substantially below that of existing Iowa businesses in that
31 23 area should be rated as providing the lowest quality of jobs
31 24 and should therefore be given the lowest ranking for providing
31 25 such assistance.
31 26 b. The impact of the proposed project on other businesses
31 27 in competition with the business being considered for
31 28 assistance. The department shall make a good faith effort to
31 29 identify existing Iowa businesses within an industry in
31 30 competition with the business being considered for assistance.
31 31 The department shall make a good faith effort to determine the
31 32 probability that the proposed financial assistance will
31 33 displace employees of the existing businesses. In determining
31 34 the impact on businesses in competition with the business
31 35 being considered for assistance, jobs created as a result of
32 1 other jobs being displaced elsewhere in the state shall not be
32 2 considered direct jobs created.
32 3 c. The impact to the state of the proposed project. In
32 4 measuring the economic impact, the department shall place
32 5 greater emphasis on projects which have greater consistency
32 6 with the state strategic plan than other projects. Greater
32 7 consistency may include any or all of the following:
32 8 (1) A business with a greater percentage of sales out-of-
32 9 state or of import substitution.
32 10 (2) A business with a higher proportion of in-state
32 11 suppliers.
32 12 (3) A project which would provide greater diversification
32 13 of the state economy.
32 14 (4) A business with fewer in-state competitors.
32 15 (5) A potential for future job growth.

32 16 (6) A project which is not a retail operation.
32 17 d. If a business has, within three years of application
32 18 for assistance, acquired or merged with an Iowa corporation or
32 19 company and the business has made a good faith effort to hire
32 20 the workers of the acquired or merged company.
32 21 e. Whether a business provides for a preference for hiring
32 22 residents of the state, except for out-of-state employees
32 23 offered a transfer to Iowa.

32 24 f. Whether all known required environmental permits have
32 25 been issued and regulations met before moneys are released.

32 26 6. The department may waive any of the requirements of
32 27 this section for good cause shown.

32 28 7. An application to receive incentives under this part
32 29 may be submitted to the department at any time within one year
32 30 from the time the job for which benefits are sought commences.

32 31 Sec. 43. Section 15.330, Code 2005, is amended by striking
32 32 the section and inserting in lieu thereof the following:

32 33 15.330 AGREEMENT.

32 34 A business shall enter into an agreement with the
32 35 department specifying the requirements that must be met to
33 1 confirm eligibility pursuant to this part. The department
33 2 shall consult with the community during negotiations relating
33 3 to the agreement. The agreement shall contain, at a minimum,
33 4 the following provisions:

33 5 1. A business that is approved to receive incentives
33 6 shall, for the length of the agreement, certify annually to
33 7 the department the compliance of the business with the
33 8 requirements of the agreement. If the business receives a
33 9 local property tax exemption, the business shall also certify
33 10 annually to the community the compliance of the business with
33 11 the requirements of the agreement.

33 12 2. The repayment of incentives by the business if the
33 13 business does not meet any of the requirements of this part or
33 14 the resulting agreement.

33 15 3. If a business that is approved to receive incentives
33 16 under this part experiences a layoff within the state or
33 17 closes any of its facilities within the state, the department
33 18 shall have the discretion to reduce or eliminate some or all
33 19 of the incentives. If a business has received incentives
33 20 under this part and experiences a layoff within the state or
33 21 closes any of its facilities within the state, the business
33 22 may be subject to repayment of all or a portion of the
33 23 incentives that it has received.

33 24 4. A business creating fifteen or fewer new high quality
33 25 jobs shall have up to three years to complete a project and
33 26 shall be required to maintain the jobs for an additional two
33 27 years. A business creating sixteen or more new high quality
33 28 jobs shall have up to five years to complete a project and
33 29 shall be required to maintain the jobs for an additional two
33 30 years.

33 31 Sec. 44. Section 15.331A, Code 2005, is amended to read as
33 32 follows:

33 33 15.331A SALES AND USE TAX REFUND ~~== CONTRACTOR OR~~
33 34 ~~SUBCONTRACTOR.~~

33 35 The eligible business ~~or a supporting business~~ shall be
34 1 entitled to a refund of the sales and use taxes paid under
34 2 chapter 423 for gas, electricity, water, or sewer utility
34 3 services, goods, wares, or merchandise, or on services
34 4 rendered, furnished, or performed to or for a contractor or
34 5 subcontractor and used in the fulfillment of a written
34 6 contract relating to the construction or equipping of a
34 7 facility ~~within the economic development area~~ of the eligible
34 8 business ~~or a supporting business~~. Taxes attributable to
34 9 intangible property and furniture and furnishings shall not be
34 10 refunded. However, an eligible business shall be entitled to
34 11 a refund for taxes attributable to racks, shelving, and
34 12 conveyor equipment to be used in a warehouse or distribution
34 13 center subject to section 15.331C.

34 14 To receive the refund a claim shall be filed by the
34 15 eligible business ~~or a supporting business~~ with the department
34 16 of revenue as follows:

34 17 1. The contractor or subcontractor shall state under oath,
34 18 on forms provided by the department, the amount of the sales
34 19 of goods, wares, or merchandise or services rendered,
34 20 furnished, or performed including water, sewer, gas, and
34 21 electric utility services ~~for use in the economic development~~
34 22 ~~area~~ upon which sales or use tax has been paid prior to the
34 23 project completion, and shall file the forms with the eligible
34 24 business ~~or supporting business~~ before final settlement is
34 25 made.

34 26 2. The eligible business ~~or a supporting business~~ shall,

34 27 not more than one year after project completion, make
34 28 application to the department for any refund of the amount of
34 29 the sales and use taxes paid pursuant to chapter 423 upon any
34 30 goods, wares, or merchandise, or services rendered, furnished,
34 31 or performed, including water, sewer, gas, and electric
34 32 utility services. The application shall be made in the manner
34 33 and upon forms to be provided by the department, and the
34 34 department shall audit the claim and, if approved, issue a
34 35 warrant to the eligible business ~~or supporting business~~ in the
35 1 amount of the sales or use tax which has been paid to the
35 2 state of Iowa under a contract. A claim filed by the eligible
35 3 business ~~or a supporting business~~ in accordance with this
35 4 section shall not be denied by reason of a limitation
35 5 provision set forth in chapter 421 or 423.

35 6 3. A contractor or subcontractor who willfully makes a
35 7 false report of tax paid under the provisions of this section
35 8 is guilty of a simple misdemeanor and in addition is liable
35 9 for the payment of the tax and any applicable penalty and
35 10 interest.

35 11 Sec. 45. Section 15.331C, Code 2005, is amended to read as
35 12 follows:

35 13 15.331C CORPORATE TAX CREDIT FOR CERTAIN SALES TAXES PAID
35 14 BY THIRD-PARTY DEVELOPER.

35 15 1. An eligible business ~~or a supporting business~~ may claim
35 16 a corporate tax credit in an amount equal to the taxes paid by
35 17 a third-party developer under chapters 422 and 423 for gas,
35 18 electricity, water, or sewer utility services, goods, wares,
35 19 or merchandise, or on services rendered, furnished, or
35 20 performed to or for a contractor or subcontractor and used in
35 21 the fulfillment of a written contract relating to the
35 22 construction or equipping of a facility ~~within the economic~~
~~35 23 development area~~ of the eligible business ~~or supporting~~
~~35 24 business~~. Taxes attributable to intangible property and
35 25 furniture and furnishings shall not be included, but taxes
35 26 attributable to racks, shelving, and conveyor equipment to be
35 27 used in a warehouse or distribution center shall be included.
35 28 Any credit in excess of the tax liability for the tax year may
35 29 be credited to the tax liability for the following seven years
35 30 or until depleted, whichever occurs earlier. An eligible
35 31 business may elect to receive a refund of all or a portion of
35 32 an unused tax credit.

35 33 2. A third-party developer shall state under oath, on
35 34 forms provided by the department of economic development, the
35 35 amount of taxes paid as described in subsection 1 and shall
36 1 submit such forms to the department. The taxes paid shall be
36 2 itemized to allow identification of the taxes attributable to
36 3 racks, shelving, and conveyor equipment to be used in a
36 4 warehouse or distribution center. After receiving the form
36 5 from the third-party developer, the department shall issue a
36 6 tax credit certificate to the eligible business ~~or supporting~~
~~36 7 business~~ equal to the taxes paid by a third-party developer
36 8 under chapters 422 and 423 for gas, electricity, water, or
36 9 sewer utility services, goods, wares, or merchandise, or on
36 10 services rendered, furnished, or performed to or for a
36 11 contractor or subcontractor and used in the fulfillment of a
36 12 written contract relating to the construction or equipping of
36 13 a facility. The department shall also issue a tax credit
36 14 certificate to the eligible business ~~or supporting business~~
36 15 equal to the taxes paid and attributable to racks, shelving,
36 16 and conveyor equipment to be used in a warehouse or
36 17 distribution center. The aggregate combined total amount of
36 18 tax refunds under section 15.331A for taxes attributable to
36 19 racks, shelving, and conveyor equipment to be used in a
36 20 warehouse or distribution center and of tax credit
36 21 certificates issued by the department for the taxes paid and
36 22 attributable to racks, shelving, and conveyor equipment to be
36 23 used in a warehouse or distribution center shall not exceed
36 24 five hundred thousand dollars in a fiscal year. If an
36 25 applicant for a tax credit certificate does not receive a
36 26 certificate for the taxes paid and attributable to racks,
36 27 shelving, and conveyor equipment to be used in a warehouse or
36 28 distribution center, the application shall be considered in
36 29 succeeding fiscal years. The eligible business ~~or supporting~~
~~36 30 business~~ shall not claim a tax credit under this section
36 31 unless a tax credit certificate issued by the department of
36 32 economic development is attached to the taxpayer's tax return
36 33 for the tax year for which the tax credit is claimed. A tax
36 34 credit certificate shall contain the eligible business's ~~or~~
~~36 35 supporting business's~~ name, address, tax identification
37 1 number, the amount of the tax credit, and other information
37 2 required by the department of revenue.

37 3 Sec. 46. Section 15.333, Code 2005, is amended by striking
37 4 the section and inserting in lieu thereof the following:

37 5 15.333 INVESTMENT TAX CREDIT.

37 6 1. An eligible business may claim a tax credit equal to a
37 7 percentage of the new investment directly related to new jobs
37 8 created by the location or expansion of an eligible business
37 9 under the program. The tax credit shall be amortized equally
37 10 over five calendar years. The tax credit shall be allowed
37 11 against taxes imposed under chapter 422, division II, III, or
37 12 V, and against the moneys and credits tax imposed in section
37 13 533.24. If the business is a partnership, S corporation,
37 14 limited liability company, cooperative organized under chapter
37 15 501 and filing as a partnership for federal tax purposes, or
37 16 estate or trust electing to have the income taxed directly to
37 17 the individual, an individual may claim the tax credit
37 18 allowed. The amount claimed by the individual shall be based
37 19 upon the pro rata share of the individual's earnings of the
37 20 partnership, S corporation, limited liability company,
37 21 cooperative organized under chapter 501 and filing as a
37 22 partnership for federal tax purposes, or estate or trust. The
37 23 percentage shall be determined as provided in section 15.335A.
37 24 Any tax credit in excess of the tax liability for the tax year
37 25 may be credited to the tax liability for the following seven
37 26 years or until depleted, whichever occurs first.

37 27 Subject to prior approval by the department of economic
37 28 development, in consultation with the department of revenue,
37 29 an eligible business whose project primarily involves the
37 30 production of value-added agricultural products or uses
37 31 biotechnology-related processes may elect to receive a refund
37 32 of all or a portion of an unused tax credit. For purposes of
37 33 this subsection, such an eligible business includes a
37 34 cooperative described in section 521 of the Internal Revenue
37 35 Code which is not required to file an Iowa corporate income
38 1 tax return, and whose project primarily involves the
38 2 production of ethanol. The refund may be applied against a
38 3 tax liability imposed under chapter 422, division II, III, or
38 4 V, and against the moneys and credits tax imposed in section
38 5 533.24. If the business is a partnership, S corporation,
38 6 limited liability company, cooperative organized under chapter
38 7 501 and filing as a partnership for federal tax purposes, or
38 8 estate or trust electing to have the income taxed directly to
38 9 the individual, an individual may claim the tax credit
38 10 allowed. The amount claimed by the individual shall be based
38 11 upon the pro rata share of the individual's earnings of the
38 12 partnership, S corporation, limited liability company,
38 13 cooperative organized under chapter 501 and filing as a
38 14 partnership for federal tax purposes, or estate or trust.

38 15 2. For purposes of this subsection, "new investment
38 16 directly related to new jobs created by the location or
38 17 expansion of an eligible business under the program" means the
38 18 cost of machinery and equipment, as defined in section 427A.1,
38 19 subsection 1, paragraphs "e" and "j", purchased for use in the
38 20 operation of the eligible business, the purchase price of
38 21 which has been depreciated in accordance with generally
38 22 accepted accounting principles, the purchase price of real
38 23 property and any buildings and structures located on the real
38 24 property, and the cost of improvements made to real property
38 25 which is used in the operation of the eligible business. "New
38 26 investment directly related to new jobs created by the
38 27 location or expansion of an eligible business under the
38 28 program" also means the annual base rent paid to a third=
38 29 party developer by an eligible business for a period not to
38 30 exceed ten years, provided the cumulative cost of the base
38 31 rent payments for that period does not exceed the cost of the
38 32 land and the third-party developer's costs to build or
38 33 renovate the building for the eligible business. The eligible
38 34 business shall enter into a lease agreement with the third=
38 35 party developer for a minimum of five years. If, however,
39 1 within five years of purchase, the eligible business sells,
39 2 disposes of, razes, or otherwise renders unusable all or a
39 3 part of the land, buildings, or other existing structures for
39 4 which tax credit was claimed under this section, the tax
39 5 liability of the eligible business for the year in which all
39 6 or part of the property is sold, disposed of, razed, or
39 7 otherwise rendered unusable shall be increased by one of the
39 8 following amounts:

39 9 a. One hundred percent of the tax credit claimed under
39 10 this section if the property ceases to be eligible for the tax
39 11 credit within one full year after being placed in service.

39 12 b. Eighty percent of the tax credit claimed under this
39 13 section if the property ceases to be eligible for the tax

39 14 credit within two full years after being placed in service.

39 15 c. Sixty percent of the tax credit claimed under this
39 16 section if the property ceases to be eligible for the tax
39 17 credit within three full years after being placed in service.

39 18 d. Forty percent of the tax credit claimed under this
39 19 section if the property ceases to be eligible for the tax
39 20 credit within four full years after being placed in service.

39 21 e. Twenty percent of the tax credit claimed under this
39 22 section if the property ceases to be eligible for the tax
39 23 credit within five full years after being placed in service.

39 24 3. a. An eligible business whose project primarily
39 25 involves the production of value-added agricultural products
39 26 or uses biotechnology-related processes, which elects to
39 27 receive a refund of all or a portion of an unused tax credit,
39 28 shall apply to the department of economic development for tax
39 29 credit certificates. Such an eligible business shall not
39 30 claim a tax credit refund under this subsection unless a tax
39 31 credit certificate issued by the department of economic
39 32 development is attached to the taxpayer's tax return for the
39 33 tax year for which the tax credit refund is claimed. For
39 34 purposes of this subsection, an eligible business includes a
39 35 cooperative described in section 521 of the Internal Revenue
40 1 Code which is not required to file an Iowa corporate income
40 2 tax return, and whose project primarily involves the
40 3 production of ethanol. For purposes of this subsection, an
40 4 eligible business also includes a cooperative described in
40 5 section 521 of the Internal Revenue Code which is required to
40 6 file an Iowa corporate income tax return and whose project
40 7 primarily involves the production of ethanol. Such
40 8 cooperative may elect to transfer all or a portion of its tax
40 9 credit to its members. The amount of tax credit transferred
40 10 and claimed by a member shall be based upon the pro rata share
40 11 of the member's earnings of the cooperative.

40 12 b. A tax credit certificate issued under this subsection
40 13 shall not be valid until the tax year following the date of
40 14 the capital investment project completion. A tax credit
40 15 certificate shall contain the taxpayer's name, address, tax
40 16 identification number, the date of project completion, the
40 17 amount of the tax credit, and other information required by
40 18 the department of revenue. The department of economic
40 19 development shall not issue tax credit certificates under this
40 20 subsection which total more than four million dollars during a
40 21 fiscal year. If the department receives and approves
40 22 applications for tax credit certificates under this subsection
40 23 in excess of four million dollars, the applicants shall
40 24 receive certificates for a prorated amount. The tax credit
40 25 certificates shall not be transferred except as provided in
40 26 this subsection for a cooperative described in section 521 of
40 27 the Internal Revenue Code which is required to file an Iowa
40 28 corporate income tax return and whose project primarily
40 29 involves the production of ethanol. For a cooperative
40 30 described in section 521 of the Internal Revenue Code, the
40 31 department of economic development shall require that the
40 32 cooperative submit a list of its members and the share of each
40 33 member's interest in the cooperative. The department shall
40 34 issue a tax credit certificate to each member contained on the
40 35 submitted list.

41 1 Sec. 47. Section 15.333A, Code 2005, is amended by
41 2 striking the section and inserting in lieu thereof the
41 3 following:

41 4 15.333A INSURANCE PREMIUM TAX CREDITS.

41 5 1. An eligible business may claim an insurance premium tax
41 6 credit equal to a percentage of the new investment directly
41 7 related to new jobs created by the location or expansion of an
41 8 eligible business under the program. The tax credit shall be
41 9 amortized equally over a five-year period. The tax credit
41 10 shall be allowed against taxes imposed in chapter 432. A tax
41 11 credit in excess of the tax liability for the tax year may be
41 12 credited to the tax liability for the following seven years or
41 13 until depleted, whichever occurs first. The percentage shall
41 14 be determined as provided in section 15.335A.

41 15 2. For purposes of this section, "new investment directly
41 16 related to new jobs created by the location or expansion of an
41 17 eligible business under the program" means the cost of
41 18 machinery and equipment, as defined in section 427A.1,
41 19 subsection 1, paragraphs "e" and "j", purchased for use in the
41 20 operation of the eligible business, the purchase price of
41 21 which has been depreciated in accordance with generally
41 22 accepted accounting principles, the purchase price of real
41 23 property and any buildings and structures located on the real
41 24 property, and the cost of improvements made to real property

41 25 which is used in the operation of the eligible business. "New
41 26 investment directly related to new jobs created by the
41 27 location or expansion of an eligible business under the
41 28 program" also means the annual base rent paid to a third-party
41 29 developer by an eligible business for a period not to exceed
41 30 ten years, provided the cumulative cost of the base rent
41 31 payments for that period does not exceed the cost of the land
41 32 and the third-party developer's costs to build or renovate the
41 33 building for the eligible business. The eligible business
41 34 shall enter into a lease agreement with the third-party
41 35 developer for a minimum of five years. If, however, within
42 1 five years of purchase, the eligible business sells, disposes
42 2 of, razes, or otherwise renders unusable all or a part of the
42 3 land, buildings, or other existing structures for which tax
42 4 credit was claimed under this section, the tax liability of
42 5 the eligible business for the year in which all or part of the
42 6 property is sold, disposed of, razed, or otherwise rendered
42 7 unusable shall be increased by one of the following amounts:
42 8 a. One hundred percent of the tax credit claimed under
42 9 this section if the property ceases to be eligible for the tax
42 10 credit within one full year after being placed in service.
42 11 b. Eighty percent of the tax credit claimed under this
42 12 section if the property ceases to be eligible for the tax
42 13 credit within two full years after being placed in service.
42 14 c. Sixty percent of the tax credit claimed under this
42 15 section if the property ceases to be eligible for the tax
42 16 credit within three full years after being placed in service.
42 17 d. Forty percent of the tax credit claimed under this
42 18 section if the property ceases to be eligible for the tax
42 19 credit within four full years after being placed in service.
42 20 e. Twenty percent of the tax credit claimed under this
42 21 section if the property ceases to be eligible for the tax
42 22 credit within five full years after being placed in service.

42 23 Sec. 48. NEW SECTION. 15.335A TAX INCENTIVES.

42 24 1. Tax incentives are available to eligible businesses as
42 25 provided in this section. The incentives are based upon the
42 26 number of new high quality jobs created and the amount of the
42 27 qualifying investment made according to the following
42 28 schedule:

42 29 a. The number of new high quality jobs created with an
42 30 annual wage, including benefits, equal to or greater than one
42 31 hundred thirty percent of the average county wage is one of
42 32 the following:

42 33 (1) The number of jobs is zero and economic activity is
42 34 furthered by the qualifying investment and the amount of the
42 35 qualifying investment is one of the following:

43 1 (a) Less than one hundred thousand dollars, then the tax
43 2 incentive is the investment tax credit of up to one percent.

43 3 (b) At least one hundred thousand dollars but less than
43 4 five hundred thousand dollars, then the tax incentives are the
43 5 investment tax credit of up to one percent and the sales tax
43 6 refund.

43 7 (c) At least five hundred thousand dollars, then the tax
43 8 incentives are the investment tax credit of up to one percent,
43 9 the sales tax refund, and the additional research and
43 10 development tax credit.

43 11 (2) The number of jobs is one but not more than five and
43 12 the amount of the qualifying investment is one of the
43 13 following:

43 14 (a) Less than one hundred thousand dollars, then the tax
43 15 incentive is the investment tax credit of up to two percent.

43 16 (b) At least one hundred thousand dollars but less than
43 17 five hundred thousand dollars, then the tax incentives are the
43 18 investment tax credit of up to two percent and the sales tax
43 19 refund.

43 20 (c) At least five hundred thousand dollars, then the tax
43 21 incentives are the investment tax credit of up to two percent,
43 22 the sales tax refund, and the additional research and
43 23 development tax credit.

43 24 (3) The number of jobs is six but not more than ten and
43 25 the amount of the qualifying investment is one of the
43 26 following:

43 27 (a) Less than one hundred thousand dollars, then the tax
43 28 incentive is the investment tax credit of up to three percent.

43 29 (b) At least one hundred thousand dollars but less than
43 30 five hundred thousand dollars, then the tax incentives are the
43 31 investment tax credit of up to three percent and the sales tax
43 32 refund.

43 33 (c) At least five hundred thousand dollars, then the tax
43 34 incentives are the investment tax credit of up to three
43 35 percent, the sales tax refund, and the additional research and

44 1 development tax credit.
44 2 (4) The number of jobs is eleven but not more than fifteen
44 3 and the amount of the qualifying investment is one of the
44 4 following:
44 5 (a) Less than one hundred thousand dollars, then the tax
44 6 incentive is the investment tax credit of up to four percent.
44 7 (b) At least one hundred thousand dollars but less than
44 8 five hundred thousand dollars, then the tax incentives are the
44 9 investment tax credit of up to four percent and the sales tax
44 10 refund.
44 11 (c) At least five hundred thousand dollars, then the tax
44 12 incentives are the investment tax credit of up to four
44 13 percent, the sales tax refund, and the additional research and
44 14 development tax credit.
44 15 (5) The number of jobs is sixteen or more and the amount
44 16 of the qualifying investment is one of the following:
44 17 (a) Less than one hundred thousand dollars, then the tax
44 18 incentive is the investment tax credit of up to five percent.
44 19 (b) At least one hundred thousand dollars but less than
44 20 five hundred thousand dollars, then the tax incentives are the
44 21 investment tax credit of up to five percent and the sales tax
44 22 refund.
44 23 (c) At least five hundred thousand dollars, then the tax
44 24 incentives are the investment tax credit of up to five
44 25 percent, the sales tax refund, and the additional research and
44 26 development tax credit.
44 27 b. In lieu of paragraph "a", the number of new high
44 28 quality jobs created with an annual wage, including benefits,
44 29 equal to or greater than one hundred sixty percent of the
44 30 average county wage is one of the following:
44 31 (1) The number of jobs is twenty-one but not more than
44 32 thirty and the amount of the qualifying investment is at least
44 33 ten million dollars, then the tax incentives are the local
44 34 property tax exemption, the investment tax credit of up to six
44 35 percent, the sales tax refund, and the additional research and
45 1 development tax credit.
45 2 (2) The number of jobs is thirty-one but not more than
45 3 forty and the amount of the qualifying investment is at least
45 4 ten million dollars, then the tax incentives are the local
45 5 property tax exemption, the investment tax credit of up to
45 6 seven percent, the sales tax refund, and the additional
45 7 research and development tax credit.
45 8 (3) The number of jobs is forty-one but not more than
45 9 fifty and the amount of the qualifying investment is at least
45 10 ten million dollars, then the tax incentives are the local
45 11 property tax exemption, the investment tax credit of up to
45 12 eight percent, the sales tax refund, and the additional
45 13 research and development tax credit.
45 14 (4) The number of jobs is fifty-one but not more than
45 15 sixty and the amount of the qualifying investment is at least
45 16 ten million dollars, then the tax incentives are the local
45 17 property tax exemption, the investment tax credit of up to
45 18 nine percent, the sales tax refund, and the additional
45 19 research and development tax credit.
45 20 (5) The number of jobs is at least sixty-one and the
45 21 amount of the qualifying investment is at least ten million
45 22 dollars, then the tax incentives are the local property tax
45 23 exemption, the investment tax credit of up to ten percent, the
45 24 sales tax refund, and the additional research and development
45 25 tax credit.
45 26 2. For purposes of this section:
45 27 a. "Additional research and development tax credit" means
45 28 the research activities credit as provided under section
45 29 15.335.
45 30 b. "Average county wage" means the same as defined in
45 31 section 15H.1.
45 32 c. "Benefits" means the same as defined in section 15H.1.
45 33 d. "Investment tax credit" means the investment tax credit
45 34 or the insurance premium tax credit as provided under section
45 35 15.333 or 15.333A, respectively.
46 1 e. "Local property tax exemption" means the property tax
46 2 exemption as provided under section 15.332.
46 3 f. "Sales tax refund" means the sales and use tax refund
46 4 as provided under section 15.331A or the corporate tax credit
46 5 for certain sales taxes paid by third-party developers as
46 6 provided under section 15.331C.
46 7 3. A community may apply to the Iowa economic development
46 8 board for a project-specific waiver from the average county
46 9 wage calculations provided in subsection 1 in order for an
46 10 eligible business to receive tax incentives. The board may
46 11 grant a project-specific waiver from the average county wage

46 12 calculations in subsection 1 for the remainder of the calendar
46 13 year, based on average county or regional wage calculations
46 14 brought forth by the applicant county including, but not
46 15 limited to, any of the following:

46 16 a. The average county wage calculated without wage data
46 17 from the business in the county employing the greatest number
46 18 of full-time employees.

46 19 b. The average regional wage calculated without wage data
46 20 from up to two adjacent counties.

46 21 c. The average county wage calculated without wage data
46 22 from the largest city in the county.

46 23 d. A qualifying wage guideline for a specific project
46 24 based upon unusual economic circumstances present in the city
46 25 or county.

46 26 e. The annualized, average hourly wage paid by all
46 27 businesses in the county located outside the largest city of
46 28 the county.

46 29 f. The annualized, average hourly wage paid by all
46 30 businesses other than the largest employer in the entire
46 31 county.

46 32 4. Average wage calculations made under this section shall
46 33 be calculated quarterly using wage data submitted to the
46 34 department of workforce development during the previous four
46 35 quarters.

47 1 5. Each calendar year, the department shall not approve
47 2 more than three million six hundred thousand dollars worth of
47 3 investment tax credits for projects with qualifying
47 4 investments of less than one million dollars.

47 5 6. The department shall negotiate the amount of tax
47 6 incentives provided to an applicant under the program in
47 7 accordance with this section.

47 8 Sec. 49. Section 15.336, Code 2005, is amended to read as
47 9 follows:

47 10 15.336 OTHER INCENTIVES.

47 11 An eligible business may receive other applicable federal,
47 12 state, and local incentives and credits in addition to those
47 13 provided in this part. However, a business which participates
47 14 in the program under this part shall not receive any funds
~~47 15 from the community economic development account under the~~
~~47 16 community economic betterment program wage=benefits tax~~
47 17 ~~credits under chapter 15H.~~

47 18 Sec. 50. Section 15E.196, subsection 1, paragraph a, Code
47 19 2005, is amended to read as follows:

47 20 a. New jobs credit from withholding, as provided in
47 21 section ~~15.331~~ 15E.197.

47 22 Sec. 51. Section 15E.196, subsections 3 and 6, Code 2005,
47 23 are amended to read as follows:

47 24 3. Investment tax credit of up to ten percent, as provided
47 25 in section 15.333.

47 26 6. Insurance premium tax credit of up to ten percent, as
47 27 provided in section 15.333A.

47 28 Sec. 52. NEW SECTION. 15E.197 NEW JOBS CREDIT FROM
47 29 WITHHOLDING.

47 30 An eligible business may enter into an agreement with the
47 31 department of revenue and a community college for a
47 32 supplemental new jobs credit from withholding from jobs
47 33 created under the program. The agreement shall be for program
47 34 services for an additional job training project, as defined in
47 35 chapter 260E. The agreement shall provide for the following:

48 1 1. That the project shall be administered in the same
48 2 manner as a project under chapter 260E and that a supplemental
48 3 new jobs credit from withholding in an amount equal to one and
48 4 one-half percent of the gross wages paid by the eligible
48 5 business pursuant to section 422.16 is authorized to fund the
48 6 program services for the additional project.

48 7 2. That the supplemental new jobs credit from withholding
48 8 shall be collected, accounted for, and may be pledged by the
48 9 community college in the same manner as described in section
48 10 260E.5.

48 11 3. That the auditor of state shall perform an annual audit
48 12 regarding how the training funds are being used.

48 13 To provide funds for the payment of the costs of the
48 14 additional project, a community college may borrow money,
48 15 issue and sell certificates, and secure the payment of the
48 16 certificates in the same manner as described in section
48 17 260E.6, including but not limited to providing the assessment
48 18 of an annual levy as described in section 260E.6, subsection
48 19 4. The program and credit authorized by this section is in
48 20 addition to, and not in lieu of, the program and credit
48 21 authorized in chapter 260E.

48 22 4. For purposes of this section, "eligible business" means

48 23 a business which has been approved to receive incentives and
48 24 assistance by the department of economic development pursuant
48 25 to application as provided in section 15E.195.

48 26 Sec. 53. NEW SECTION. 15H.1 DEFINITIONS.

48 27 For purposes of this chapter, unless the context otherwise
48 28 requires:

48 29 1. "Average county wage" means the annualized, average
48 30 hourly wage based on wage information compiled by the
48 31 department of workforce development.

48 32 2. "Benefits" means all of the following:

48 33 a. Medical and dental insurance plans.

48 34 b. Pension and profit sharing plans.

48 35 c. Child care services.

49 1 d. Overtime.

49 2 e. Life insurance coverage.

49 3 f. Other benefits identified by rule of the department.

49 4 3. "Department" means the department of revenue.

49 5 4. a. "Qualified new job" means a job that meets all of
49 6 the following:

49 7 (1) Is a new full-time job that has not existed in the
49 8 business within the previous twelve months in the state.

49 9 (2) Is filled by a new employee for at least twelve
49 10 months.

49 11 (3) Is filled by a resident of the state.

49 12 (4) Is not created as a result of a change in ownership.

49 13 b. "Qualified new job" does not include any of the
49 14 following:

49 15 (1) A job previously filled by the same employee in the
49 16 state.

49 17 (2) A job that was relocated from another location in the
49 18 state.

49 19 (3) A job that is created as a result of a consolidation,
49 20 merger, or restructuring of a business entity if the job does
49 21 not represent a new job in the state.

49 22 5. "Retained qualified new job" means the continued
49 23 employment for another twelve months of the same employee in a
49 24 qualified new job.

49 25 Sec. 54. NEW SECTION. 15H.2 WAGE-BENEFITS TAX CREDIT.

49 26 1. a. Any nonretail, nonservice business may claim a tax
49 27 credit equal to a percentage of the annual wages and benefits
49 28 paid for a qualified new job created by the location or
49 29 expansion of the business in the state. The tax credit shall
49 30 be allowed against taxes imposed under chapter 422, division
49 31 II, III, or V, and chapter 432 and against the moneys and
49 32 credits tax imposed in section 533.24. The percentage shall
49 33 be equal to the amount provided in subsection 2.

49 34 Any credit in excess of the tax liability shall be
49 35 refunded. In lieu of claiming a refund, a taxpayer may elect
50 1 to have the overpayment shown on the taxpayer's final,
50 2 completed return credited to the tax liability for the
50 3 following taxable year.

50 4 b. If the business is a partnership, S corporation,
50 5 limited liability company, or estate or trust electing to have
50 6 the income taxed directly to the individual, an individual may
50 7 claim the tax credit allowed. The amount claimed by the
50 8 individual shall be based upon the pro rata share of the
50 9 individual's earnings of the partnership, S corporation,
50 10 limited liability company, or estate or trust.

50 11 2. The percentage of the annual wages and benefits paid
50 12 for a qualified new job is determined as follows:

50 13 a. If the annual wage and benefits for the qualified new
50 14 job equals less than one hundred thirty percent of the average
50 15 county wage, zero percent.

50 16 b. If the annual wage and benefits for the qualified new
50 17 job equals at least one hundred thirty percent but less than
50 18 one hundred sixty percent of the average county wage, five
50 19 percent.

50 20 c. If the annual wage and benefits for the qualified new
50 21 job equals at least one hundred sixty percent of the average
50 22 county wage, ten percent.

50 23 3. A qualified new job is entitled to the tax credit upon
50 24 the end of the twelfth month of the job having been filled.

50 25 Once a qualified new job is approved for a tax credit, tax
50 26 credits for the next four subsequent tax years may be approved
50 27 if the job continues to be filled and application is made as
50 28 provided in section 15H.3. The percentage determined under
50 29 subsection 2 for the first tax year shall continue to apply to
50 30 subsequent tax credits as the credits relate to that qualified
50 31 new job.

50 32 Sec. 55. NEW SECTION. 15H.3 TAX CREDIT CERTIFICATION ==
50 33 CREDIT LIMITATION.

50 34 1. In order for a wage=benefit tax credit to be claimed,
50 35 the business shall submit an application to the department
51 1 along with information on the qualified new job or retained
51 2 qualified new job and any other information required.
51 3 Applications for approval of the tax credit shall be on forms
51 4 approved by the department. Within forty=five days of receipt
51 5 of the application, the department shall either approve or
51 6 disapprove the application. After the forty=five=day limit,
51 7 the application is deemed approved.

51 8 2. Upon approval of the tax credit and subject to
51 9 subsection 4, a tax credit certificate shall be issued by the
51 10 department. A tax credit certificate shall identify the
51 11 business claiming the tax credit under this chapter and the
51 12 wage and benefit costs incurred during the previous twelve
51 13 months.

51 14 3. The tax credit certificate shall contain the taxpayer's
51 15 name, address, tax identification number, the date of the
51 16 qualified new job, the amount of credit, and other information
51 17 required by the department.

51 18 4. The total amount of tax credit certificates that may be
51 19 issued for a fiscal year under this chapter shall not exceed
51 20 ten million dollars. The department shall establish by rule
51 21 the procedures for the application, review, selection,
51 22 awarding of certificates, and the method to be used to
51 23 determine for which fiscal year the tax credits are available.
51 24 If the approved tax credits exceed the maximum amount for a
51 25 fiscal year, tax credit certificates shall be issued on an
51 26 earliest date applied basis.

51 27 5. a. A nonretail, nonservice business that has created a
51 28 qualified new job for which a tax credit certificate under
51 29 this chapter is issued is eligible to receive a tax credit
51 30 certificate for each of the four subsequent tax years if the
51 31 business retains the qualified new job during each of the
51 32 twelve months ending in each of the tax years by applying for
51 33 the credit under this section.

51 34 b. A nonretail, nonservice business that created a
51 35 qualified new job but failed to receive all or part of the tax
52 1 credit because of the limitation in subsection 4 is eligible
52 2 to reapply for the tax credit for the retained qualified new
52 3 job.

52 4 6. a. A business whose application has been disapproved
52 5 by the department may appeal the decision to the Iowa economic
52 6 development board within thirty days of notice of disapproval.
52 7 If the board subsequently approves the application, the
52 8 business shall receive the tax credit certificates subject to
52 9 the availability of the amount of credits that may be issued
52 10 as provided in subsection 4.

52 11 b. A nonretail, nonservice business may apply to the Iowa
52 12 economic development board for a waiver of any provision of
52 13 this chapter as it relates to the requirements for qualifying
52 14 for the wage=benefits tax credit. The Iowa economic
52 15 development board shall establish by rule the conditions under
52 16 which a waiver of such requirements will be granted. A waiver
52 17 from average county wage calculations shall be applied for and
52 18 considered by the board according to the procedures provided
52 19 in section 15.335A.

52 20 Sec. 56. NEW SECTION. 15H.4 MONITORING OF JOB CREATION.

52 21 The department shall develop definitions for the terms "job
52 22 creation" and "job retention" to measure and identify the
52 23 number of permanent, full=time positions which businesses
52 24 actually create and retain and which can be documented by
52 25 comparison of the payroll reports during the twenty=four=month
52 26 period before and after tax credits are earned.

52 27 Sec. 57. NEW SECTION. 15H.5 OTHER INCENTIVES.

52 28 A nonretail, nonservice business may receive other
52 29 applicable federal, state, and local incentives and tax
52 30 credits in addition to those provided in this chapter.
52 31 However, a business which has received a tax credit under this
52 32 chapter shall not receive tax incentives under the high
52 33 quality job creation program in chapter 15, subchapter II,
52 34 part 13.

52 35 Sec. 58. NEW SECTION. 422.11L WAGE=BENEFITS TAX CREDIT.

53 1 The taxes imposed under this division, less the credits
53 2 allowed under sections 422.12 and 422.12B, shall be reduced by
53 3 a wage=benefits tax credit authorized pursuant to section
53 4 15H.2.

53 5 Sec. 59. Section 422.16A, Code 2005, is amended to read as
53 6 follows:

53 7 422.16A JOB TRAINING WITHHOLDING == CERTIFICATION AND
53 8 TRANSFER.

53 9 Upon the completion by a business of its repayment

53 10 obligation for a training project funded under chapter 260E,
53 11 including a job training project funded under section 15A.8 or
53 12 repaid in whole or in part by the supplemental new jobs credit
53 13 from withholding under section 15A.7 or section ~~15.331~~
53 14 15E.197, the sponsoring community college shall report to the
53 15 department of economic development the amount of withholding
53 16 paid by the business to the community college during the final
53 17 twelve months of withholding payments. The department of
53 18 economic development shall notify the department of revenue of
53 19 that amount. The department shall credit to the workforce
53 20 development fund account established in section 15.342A
53 21 twenty-five percent of that amount each quarter for a period
53 22 of ten years. If the amount of withholding from the business
53 23 or employer is insufficient, the department shall prorate the
53 24 quarterly amount credited to the workforce development fund
53 25 account. The maximum amount from all employers which shall be
53 26 transferred to the workforce development fund account in any
53 27 year is four million dollars.

53 28 Sec. 60. Section 422.33, Code 2005, is amended by adding
53 29 the following new subsection:

53 30 NEW SUBSECTION. 18. The taxes imposed under this division
53 31 shall be reduced by a wage=benefits tax credit authorized
53 32 pursuant to section 15H.2.

53 33 Sec. 61. Section 422.60, Code 2005, is amended by adding
53 34 the following new subsection:

53 35 NEW SUBSECTION. 10. The taxes imposed under this division
54 1 shall be reduced by a wage=benefits tax credit authorized
54 2 pursuant to section 15H.2.

54 3 Sec. 62. Section 427B.17, subsection 5, unnumbered
54 4 paragraph 2, Code 2005, is amended to read as follows:

54 5 Any electric power generating plant which operated during
54 6 the preceding assessment year at a net capacity factor of more
54 7 than twenty percent, shall not receive the benefits of this
54 8 section or of ~~sections section 15.332 and 15.334~~. For
54 9 purposes of this section, "electric power generating plant"
54 10 means any nameplate rated electric power generating plant, in
54 11 which electric energy is produced from other forms of energy,
54 12 including all taxable land, buildings, and equipment used in
54 13 the production of such energy. "Net capacity factor" means
54 14 net actual generation divided by the product of net maximum
54 15 capacity times the number of hours the unit was in the active
54 16 state during the assessment year. Upon commissioning, a unit
54 17 is in the active state until it is decommissioned. "Net
54 18 actual generation" means net electrical megawatt hours
54 19 produced by the unit during the preceding assessment year.
54 20 "Net maximum capacity" means the capacity the unit can sustain
54 21 over a specified period when not restricted by ambient
54 22 conditions or equipment deratings, minus the losses associated
54 23 with station service or auxiliary loads.

54 24 Sec. 63. NEW SECTION. 432.12G WAGE=BENEFITS TAX CREDIT.

54 25 The taxes imposed under this chapter shall be reduced by a
54 26 wage=benefits tax credit authorized pursuant to section 15H.2.

54 27 Sec. 64. Section 533.24, Code 2005, is amended by adding
54 28 the following new subsection:

54 29 NEW SUBSECTION. 7. The moneys and credits tax imposed
54 30 under this section shall be reduced by a wage=benefits tax
54 31 credit authorized pursuant to section 15H.2.

54 32 Sec. 65. Sections 15.331, 15.331B, 15.334, 15.334A,
54 33 15.337, and 15.381 through 15.387, Code 2005, are repealed.

54 34 Sec. 66. CONTRACT VALIDITY == NEW JOBS AND INCOME PROGRAM
54 35 == NEW CAPITAL INVESTMENT PROGRAM. Any contract entered into
55 1 for a project or activity approved by the department of
55 2 economic development under the new jobs and income program and
55 3 the new capital investment program remains valid. The
55 4 elimination of the new jobs and income program and the new
55 5 capital investment program under this Act shall not constitute
55 6 grounds for rescission or modification of contracts entered into
55 7 with the department under the programs.

55 8 Sec. 67. EFFECTIVE AND APPLICABILITY DATE. The provisions
55 9 of this division of this Act relating to Code chapter 15H,
55 10 being deemed of immediate importance, take effect upon
55 11 enactment and apply to qualified new jobs created on or after
55 12 the effective date of this division of this Act. This
55 13 division of this Act applies to tax years ending on or after
55 14 the effective date of this division of this Act.

55 15 DIVISION XI
55 16 RESEARCH AND DEVELOPMENT
55 17 TAX CREDIT

55 18 Sec. 68. Section 15.335, subsection 1, unnumbered
55 19 paragraph 1, Code 2005, is amended to read as follows:

55 20 An eligible business may claim a corporate tax credit for

55 21 increasing research activities in this state during the period
55 22 the eligible business is participating in the program. For
55 23 purposes of this section, "research activities" includes the
55 24 development and deployment of innovative renewable energy
55 25 generation components manufactured or assembled in this state.
55 26 For purposes of this section, "innovative renewable energy
55 27 generation components" does not include a component with more
55 28 than two hundred megawatts of installed effective nameplate
55 29 capacity. The tax credits for innovative renewable energy
55 30 generation components shall not exceed one million dollars.

55 31 DIVISION XII

55 32 ENDOW IOWA

55 33 Sec. 69. Section 15E.303, subsections 4 and 6, Code 2005,
55 34 are amended to read as follows:

55 35 4. "Endowment gift" means an irrevocable contribution to a
56 1 permanent endowment held by ~~a~~ an endow Iowa qualified
56 2 community foundation.

56 3 6. ~~"Qualified "~~Endow Iowa qualified community foundation"
56 4 means a community foundation organized or operating in this
56 5 state that ~~meets or exceeds~~ substantially complies with the
56 6 national standards established by the national council on
56 7 foundations as determined by the department in collaboration
56 8 with the Iowa council of foundations.

56 9 Sec. 70. Section 15E.304, subsection 2, paragraphs c and
56 10 d, Code 2005, are amended to read as follows:

56 11 c. Identify ~~a~~ an endow Iowa qualified community foundation
56 12 to hold all funds. ~~A~~ An endow Iowa qualified community
56 13 foundation shall not be required to meet this requirement.

56 14 d. Provide a plan to the board demonstrating the method
56 15 for distributing grant moneys received from the board to
56 16 organizations within the community or geographic area as
56 17 defined by the endow Iowa qualified community foundation or
56 18 the community affiliate organization.

56 19 Sec. 71. Section 15E.304, subsection 3, Code 2005, is
56 20 amended to read as follows:

56 21 3. Endow Iowa grants awarded to new and existing endow
56 22 Iowa qualified community foundations and to community
56 23 affiliate organizations shall not exceed twenty-five thousand
56 24 dollars per foundation or organization unless a foundation or
56 25 organization demonstrates a multiple county or regional
56 26 approach. Endow Iowa grants may be awarded on an annual basis
56 27 with not more than three grants going to one county in a
56 28 fiscal year.

56 29 Sec. 72. Section 15E.305, subsection 1, Code 2005, is
56 30 amended to read as follows:

56 31 1. For tax years beginning on or after January 1, 2003, a
56 32 tax credit shall be allowed against the taxes imposed in
56 33 chapter 422, divisions II, III, and V, and in chapter 432, and
56 34 against the moneys and credits tax imposed in section 533.24
56 35 equal to twenty percent of a taxpayer's endowment gift to ~~a~~ an
57 1 endow Iowa qualified community foundation. An individual may
57 2 claim a tax credit under this section of a partnership,
57 3 limited liability company, S corporation, estate, or trust
57 4 electing to have income taxed directly to the individual. The
57 5 amount claimed by the individual shall be based upon the pro
57 6 rata share of the individual's earnings from the partnership,
57 7 limited liability company, S corporation, estate, or trust. A
57 8 tax credit shall be allowed only for an endowment gift made to
57 9 ~~a~~ an endow Iowa qualified community foundation for a permanent
57 10 endowment fund established to benefit a charitable cause in
57 11 this state. Any tax credit in excess of the taxpayer's tax
57 12 liability for the tax year may be credited to the tax
57 13 liability for the following five years or until depleted,
57 14 whichever occurs first. A tax credit shall not be carried
57 15 back to a tax year prior to the tax year in which the taxpayer
57 16 claims the tax credit.

57 17 Sec. 73. Section 15E.305, subsection 2, Code 2005, is
57 18 amended by adding the following new unnumbered paragraph:

57 19 NEW UNNUMBERED PARAGRAPH. Ten percent of the aggregate
57 20 amount of tax credits authorized in a calendar year shall be
57 21 reserved for those endowment gifts in amounts of thirty
57 22 thousand dollars or less. If by September 1 of a calendar
57 23 year the entire ten percent of the reserved tax credits is not
57 24 distributed, the remaining tax credits shall be available to
57 25 any other eligible applicants.

57 26 Sec. 74. Section 15E.305, subsection 4, Code 2005, is
57 27 amended to read as follows:

57 28 4. A tax credit shall not be authorized pursuant to this
57 29 section after December 31, ~~2005~~ 2008.

57 30 Sec. 75. Section 15E.311, subsection 3, paragraphs a and
57 31 c, Code 2005, are amended to read as follows:

57 32 a. At the end of each fiscal year, moneys in the fund
57 33 shall be transferred into separate accounts within the fund
57 34 and designated for use by each county in which no licensee
57 35 authorized to conduct gambling games under chapter 99F was
58 1 located during that fiscal year. Moneys transferred to county
58 2 accounts shall be divided equally among the counties. Moneys
58 3 transferred into an account for a county shall be transferred
58 4 by the department to an eligible county recipient for that
58 5 county. Of the moneys transferred, an eligible county
58 6 recipient shall distribute seventy-five percent of the moneys
58 7 as grants to charitable organizations for ~~educational, civic,~~
~~58 8 public, charitable, patriotic, or religious uses, as defined~~
~~58 9 in section 99B.7, subsection 3, paragraph "b", charitable~~
~~58 10 purposes~~ in that county and shall retain twenty-five percent
58 11 of the moneys for use in establishing a permanent endowment
58 12 fund for the benefit of charitable organizations for
58 13 ~~educational, civic, public, charitable, patriotic, or~~
~~58 14 religious uses, as defined in section 99B.7, subsection 3,~~
~~58 15 paragraph "b" charitable purposes.~~

58 16 c. For purposes of

58 17 3A. As used in this subsection section, an "eligible
58 18 unless the context otherwise requires:

58 19 a. "Charitable organization" means an organization that is
58 20 described in section 501(c)(3) of the Internal Revenue Code
58 21 that is exempt from taxation under section 501(a) of the
58 22 Internal Revenue Code or an organization that is established
58 23 for a charitable purpose.

58 24 b. "Charitable purpose" means a purpose described in
58 25 section 501(c)(3) of the Internal Revenue Code, or a
58 26 benevolent, educational, philanthropic, humane, scientific,
58 27 patriotic, social welfare or advocacy, public health,
58 28 environmental conservation, civic, or other eleemosynary
58 29 objective.

58 30 c. "Eligible county recipient" means ~~a~~ an endow Iowa
58 31 qualified community foundation or community affiliate
58 32 organization, as defined in section 15E.303, that is selected,
58 33 in accordance with the procedures described in section
58 34 15E.304, to receive moneys from an account created in this
58 35 section for a particular county. To be selected as an
59 1 eligible county recipient, a community affiliate organization
59 2 shall establish a county affiliate fund to receive moneys as
59 3 provided by this section.

59 4 Sec. 76. Section 15E.311, Code 2005, is amended by adding
59 5 the following new subsection:

59 6 NEW SUBSECTION. 5. Three percent of the moneys deposited
59 7 in the county endowment fund shall be used by the lead
59 8 philanthropic organization identified by the department
59 9 pursuant to section 15E.304 for purposes of administering and
59 10 marketing the county endowment fund.

59 11 Sec. 77. LEGISLATIVE INTENT. It is the intent of the
59 12 general assembly that the entire two million dollars worth of
59 13 tax credits allowed under section 15E.305, subsection 2, shall
59 14 be issued.

59 15 Sec. 78. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.
59 16 This division of this Act, being deemed of immediate
59 17 importance, takes effect upon enactment and applies
59 18 retroactively to January 1, 2005.

59 19 DIVISION XIII

59 20 E=85 BLENDED GASOLINE

59 21 Sec. 79. NEW SECTION. 15.401 E=85 BLENDED GASOLINE.

59 22 The department shall provide a cost-share program for
59 23 financial incentives for the installation or conversion of
59 24 infrastructure used by service stations to sell and dispense
59 25 E=85 blended gasoline and for the installation or conversion
59 26 of infrastructure required to establish on-site and off-site
59 27 terminal facilities that store biodiesel for distribution to
59 28 service stations. The department shall provide for an
59 29 addition of at least thirty new or converted E=85 retail
59 30 outlets and four new or converted on-site or off-site terminal
59 31 facilities with a maximum expenditure of three hundred twenty=
59 32 five thousand dollars per year for the fiscal period beginning
59 33 July 1, 2005, and ending June 30, 2008. The department may
59 34 provide for the marketing of these products in conjunction
59 35 with this infrastructure program.

60 1 HF 868

60 2 tm:rj/es/25